

Guan Eng balks at GST for public projects

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Penang Chief Minister Lim Guan Eng wants the federal government to exclude public projects undertaken by state governments from the goods and services tax.

At six percent, he said, a RM2.33 million project to connect Jalan Bunga Hinai and Jalan Kaca Piring on the island costs an additional RM112,680 because of the goods and services tax (GST).

"This means we have to raise allocations by RM112,680 when the same funds can be used for another infrastructure project, instead of paying for the GST," Lim said in a letter to Finance Minister Najib Abdul Razak, dated March 4.

The sum for GST was noted in the tender proposal, he said.

"This is a loss for Penang residents," he said.

Public infrastructure projects, such as building low-cost houses or playgrounds are "public goods and not for profit" and should be GST-exempt for the sake of the people, Lim said.

The GST will be implemented on April 1, despite much public resistance.

Some 50,000 people thronged central Kuala Lumpur on May 1, 2014, to protest the implementation of the GST.

The new tax will raise national revenue by up to RM22 billion, the Royal Malaysian Customs estimates.

The government insists that GST will not burden the poor because most goods commonly used by the low-income community are exempted.

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