

## **Najib declares GST as 'halal'**

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**By Adrian Wong**

Prime Minister Najib Abdul Razak today defended the goods and services tax today, by saying it is "halal" (permissible) and in accordance with fatwa.

The tax comes into force today at six percent after much public resistance.

"As you are aware, Malaysia's new goods and services tax come into force today.

"I suppose we could argue that if it coincides the halal gathering that we have today it makes GST halal as well, I suppose I would like to claim that. In fact it does.

"It's been issued by National Fatwa Body that GST is in fact halal," he said at the 2015 World Halal Summit today.

The government had decided to structure the tax system differently than that of other countries based on the 35-year research, he added.

Najib also claimed the GST in Malaysia was "the most complex and multi-layered structured GST in the world" with over 4,000 items either exempted or zero-rated.

This is for people to have a "soft landing" when embracing GST, he said.

"The GST announcement comes with an entire package including reduction of personal income tax by one to two percent for the year 2015 assessment, corporate tax was reduced by 1 percent from 25 percent to 24 percent and at the same time the Bantuan Rakyat 1Malaysia payout has been increased.

"The whole entire package is designed so that it would not burden the rakyat," he said.

### **Universally recognised**

It will also be good for halal traders as no GST will be applied on exported goods and services, he stated.

"Our GST will exempt many goods and services such as water and basic foodstuffs. This is good news for the halal industry since most of the ingredients — fish, meat, poultry, vegetables and the like — will incur zero GST."

"Malaysian firms will benefit from a lower cost of doing business by recovering any input taxes," he added.

Malaysia's halal certification and logo are now universally recognised and accepted, said

Najib earlier in his speech.

The National Fatwa Council had earlier said the GST was 'harus' (neither discouraged or encouraged) as long as the country needs it.

This was contended by PAS Dewan Ulama information chief Khairuddin Aman Razali, who said GST 'haram' (forbidden) because it does not meet Islamic taxation standards.

Khairuddin, who holds a PhD in Islamic studies, said Islam only allows taxation for the needs of the nation and not excesses.

"The reality is, the government is still spendthrift to the extent of having an 18-year budget deficit," Khairuddin said.

### **No hudud discussion in cabinet**

On a separate matter, International Trade and Industry Minister Mustapa Mohamed, who was present, confirmed that the cabinet had not discussed Kelantan's hudud bill.

"Haven't, we haven't. But BN has discussed," he told reporters when quizzed.

When pressed on Najib's delay in announcing BN's stand on hudud, the Kelantan Umno chief skirted it by saying "Wait lah [...] okay [...] thank you".

According to the programme schedule, Najib was supposed to join the press conference after today's event.

However, Najib left the event about 30 minutes after it ended without joining the press conference.

He later posted pictures on social media showing him shopping at a hypermarket in a bid to check the impact of GST on shoppers.