

Penang, T'ganu absorb GST on local gov't services

MalaysiaKini.com

May 11, 2015

By Susan Loone

Penang and Terengganu join Johor in absorbing the Goods and Services Tax (GST) imposed on its local authorities, following the Johor ruler's instructions to his government to stop collecting the tax.

Johor Sultan Ibrahim Ismail had recently said it does not make sense as government services are a basic responsibility to the rakyat and it is unreasonable that the rakyat should be further burdened with paying GST on them.

Today, Chief Minister Lim Guan Eng (photo) said the decision to do so follows his administration's appeal to Putrajaya to exempt the local authorities from GST, which became effective on April 1.

Penang will absorb the GST imposed on the Penang Island City Council (MBPP) and Seberang Jaya Municipal Council (MPSP) for projects, services and contracts carried out by the local authorities starting July 1, said Lim.

The state will also absorb the GST collected from the people by the local authorities on behalf of the federal government, like parking fees, rentals of land and buildings, he added.

Lim said the state would have to absorb a total of RM15.6 million for GST imposed on MBPP and another RM5.8 million on MPSP.

Similarly, Terengganu Menteri Besar Ahmad Razif Abdul Rahman (photo), said the Terengganu government decided to absorb the GST at the April 22 executive council meeting, Bernama reported.

GST will be absorbed for rental of premises, plots, equipment and sports facilities from the Kuala Terengganu City Council, and sale of documents, forms and plans from the council, he reportedly said.

Other districts like Kemaman will absorb GST for admission tickets for zoos and other recreation centres, Ahmad Razif said.

The move will cost the state RM1.6 million and those who have already paid GST will be refunded by the state treasury, Bernama reported him as saying.

Written to Putrajaya

Back in Penang, when asked if this would pose a challenge to the state government to seek for more revenues, Lim said several measures need to be taken to address this issue.

Lim (photo) said Penang would also raise the matter at the National Local Government Council (NLGC), chaired by Deputy Prime Minister Muhyiddin Yassin.

"However, the NLGC is also under the federal government," he said.

Lim said he would consider inviting heads of other state governments to write a joint-letter to Prime Minister Najib Abdul Razak to exempt local authorities from the GST.

The Penang legislative assembly sits today until Friday, following a postponement due to the Permatang Pauh by-election campaign from April 25 to May 7. The assembly opened on April 30.

The six percent GST, which became effective on April 1, was a big campaign issue in the recent Permatang Pauh polls, where BN's candidate Suhaimi Sabudin lost to PKR president Dr Wan Azizah Wan Ismail.

But Najib said his administration would explain to the people on the government's use of the GST revenue.

Copyright © 1999-2012 Mkini Dotcom Sdn. Bhd
Source : <http://www.malaysiakini.com/news/297939>