

PM rubbishes Dr M, says GST is not a bailout
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Prime Minister Najib Abdul Razak insists that the implementation of the goods and services tax (GST) is not to bailout of Putrajaya as claimed by Dr Mahathir Mohamad and he went on to accuse the former prime minister of 'twisting facts'.

"To say that those who are not in the taxable bracket are bailing out the government is nothing short of twisting facts.

"This is because the bulk of government assistance goes to this particular group.

"And this is where the bulk of the GST funds will go. It will not go to bailing out the government.

"It is unfortunate that Tun has chosen to ignore these very significant forms of assistance, well aware that by omitting these, the rakyat will be led to think that GST funds go to bailing out the government," said Najib in his latest blog posting that was put up last night.

Najib said among the assistance are Bantuan Rakyat 1Malaysia (BR1M), the 1Azam poverty eradication programme and book vouchers for students and education subsidies.

Furthermore, Najib said, if it was not for GST, the country would have plunged into an economic crisis.

"The replacement tax will serve to broaden our revenue stream to avoid a high reliance on oil revenues.

"Had GST not been imposed, the fall in oil price recently could have sent us into an economic crisis.

"But because Malaysia now has a more diverse revenue stream and strong fundamentals, the business community and foreign investors remained optimistic," he said.

'Successful GLCs can offset losses'

The prime minister was responding to Mahathir's blog posting on May 29, in which he claimed that the implementation of GST was to bail out the government's "misadventures" through companies such as 1Malaysia Development Bhd (1MDB) and Pembinaan PFI, which have accumulated massive debts.

Najib said Mahathir's claim that Putrajaya was using the GST to bailout unsuccessful government ventures was only a "convenient" accusation and that he deliberately omitted the successful government-linked companies (GLC).

Najib argued that Putrajaya's G20 GLCs have a total shareholder return of 12.6 percent per annum from 2004 to 2015, which beat the Kuala Lumpur Composite Index's 12.2 percent, with their net profit increasing from RM9.9 billion to RM26.2 billion in the same period.

"While we try our best to maximise the potential of all ventures in the country (both government-linked and private), it is impossible to be successful all the time.

"Regardless, the majority of these ventures are successful and this tends to offset the less successful ones.

"Hence, the issue of using GST revenues to bail out failed ventures does not arise," Najib said.

He also promised to disclose where the GST revenue was spent in the coming national budget.

"GST is not to bailout the government. It is a worldwide tax system, which is more transparent and systematic than the sales and services tax (SST).

"A change from the SST to the GST system is inevitable and it has been delayed since Tun's time.

"Even if it does not happen now, it will still have to happen eventually," Najib said.

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