

PM hails GST as saviour of economy

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Koh Jun Lin

Prime Minister Najib Abdul Razak has again stressed that the Goods and Services Tax (GST) regime is a saviour of Malaysia's economy, despite its unpopularity.

He said the government had to take measures that are beneficial to the people and not take 'shortcuts.

"Thank Allah that we were able to cope with the fall in government revenue (due to falling oil prices) because we were bold enough to introduce the GST.

"Although people say that the GST is not popular, but the reality it is the saviour of our economy," he said in a speech at the launch Menara 1Sentrum in Kuala Lumpur today.

He said if Malaysia's economy were to slump, the cost of borrowing would increase.

This would affect those who have borrowed money for purposes such as to finance their business or to buy cars and houses and credit card purchases.

"All these people would have to pay a higher cost. So we must understand the true situation.

"If we were to take in merely a glance, perhaps we won't realise that a government move that may be criticised as unreasonable or makes the people suffer is in fact the opposite.

"And today, it is proven that GST is a move that is justified and right," he said.

Najib added that if it weren't for the fall in crude oil prices since last year, the government would have collected an additional RM30 billion in revenue.

In comparison, the government has collected RM21 billion under the GST scheme, he said.

GST instruments in place

The prime minister chided the opposition for including the GST scheme under its alternative budget despite being fierce critics of the scheme in the beginning.

This is despite Opposition Leader Dr Wan Azizah Wan Ismail clarifying that the Pakatan Harapan alternative budget zero-rates all goods and services, which would in effect abolish the tax regime

"He (Najib) didn't read it properly. We know that all the GST instruments are already in place, so if we stop it suddenly, it could be seen as irresponsible.

“So what we did was (we made GST) zero-rated,” said Wan Azizah after Najib first made his allegation when presenting the 2016 Budget on Friday last week.

Pandan MP Mohd Rafizi Ramli (photo) had previously explained that that Pakatan is not abolishing the GST regime outright because that would mean the RM5 billion the government has spent on GST-related software and training would go to waste.

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