

GST the savior of national economy, says Najib
MalaysiaKini.com
Jan 8th, 2016

The Goods and Services Tax (GST) introduced in April last year is, at the macro level, the saviour of the national economic and financial position, Prime Minister Najib Abdul Razak said today.

Najib, who is also the finance minister, said the GST had grossed RM37.67 billion in proceeds and the projected net proceeds as at December 2015 was RM27.126 billion.

The GST net proceeds for this year were estimated to rise to RM39 billion, he said in his address at a special assembly at the Finance Ministry in Putrajaya.

"The GST, at the macro level, has propped up the government revenue facing a shortfall in petroleum tax earnings. So, it is not wrong if I were to say that the GST is the saviour of the national financial and economic position as a whole," he said.

Najib said the world oil price was expected to remain low this year, denting the government revenue by more than RM30 billion.

He said if the oil price were to remain at US\$32.35 or US\$36 a barrel, the contraction in revenue would be more than RM30 billion.

"Every US\$1 drop in the price will translate into a contraction of RM300 million in government revenue," he said.

"This is the situation that we are up against and, if there is no GST, the national deficit will rise to 4.8 per cent this year and will no longer be 3.1 percent," he said.

With the revenue from GST, Najib said, the government would be able to implement development projects such as roads, hospitals and schools and give the 1Malaysia People's Aid (BR1M) and other assistance to the people.

The prime minister said that to ensure that the people were not overburdened by the rising cost of living; the government would retain the BR1M programme that benefited 4.7 million households and 2.7 million unmarried individuals with an allocation of RM5.9 billion.

He advised the staff of the Finance Ministry to explain to the people the hidden or indirect subsidies provided by the government in the implementation of development projects and educational and health facilities.

Citing an example, Najib said a government hospital only charged RM1 at its outpatient clinic, RM5 for specialist consultation and RM500 for a bypass procedure.

More urban transformation centres

"Many people are unaware of this and have taken it for granted all this while," he said.

Najib also said that under the National Blue Ocean Strategy (NBOS), eight more urban transformation centres would be made available this year, including in Labuan, Sungai Petani (Kedah), Miri and Sibu (Sarawak) and in Kelantan.

He said the UTCs contributed greatly to the implementation of "People Economy" programmes which benefited Malaysians a lot.

Under the NBOS, almost 200,000 people in the interior areas had access to mobile community transformation centres, and 77 such programmes were implemented last year, he said.

Najib also said that the transition of the Housing Division to the Public Sector Financing Board on Jan 1 did not involve new policies or changes to the terms of the housing loan scheme.

"The facilities enjoyed by public servants, such as total loan entitlement and interest rate on housing loans, which is four per cent, as well as other facilities, are retained," he said.

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