

'No plan to raise GST above 4 percent'

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The government will not raise the Goods and Services Tax (GST) from four percent to 10 percent over the next 10 years, the Dewan Rakyat heard today.

Deputy Finance Minister Awang Adek Hussin said the government believes the GST - even at four percent - will have a neutral impact on inflation and on government revenue.

In fact, tax collection can also increase through efficient GST collection and higher tax collection compliance level, he said.

"What's important is to ensure the information on tax collection mechanism and GST implementation trickles down to the people," he told Tony Pua (DAP-Petaling Jaya Selatan) during Question time.

Pua wanted to know whether the GST would be raised to 10 percent in the next 10 years and why GST has to be enforced if it only reduces the government's revenue collection.

Awang Adek said the main objective is to restructure the taxation system to be more comprehensive, efficient, transparent and business-friendly.

Awang Adek pointed out that the GST would eventually replace the current consumerism tax such as sales and services tax.

"There are lots of advantages to address the weaknesses in the present taxation system," he said.

He also assured the people that the GST would not lead to higher business cost but instead prices of goods and services would be more competitive in the domestic and international markets.

"This is because the GST paid by traders for business inputs like raw materials, telephone bills and office equipment can be claimed as credit from the government," he said.

On the justification to implement the GST, Awang Adek explained that the nation's revenue level was not the government's benchmark to enforce the GST.

"This is because many countries have implemented the GST even though their per capita income was much lower than Malaysia.

"Venezuela, Sri Lanka, South Africa and Sudan have already enforced GST. This clearly showed the per capita income level is not the yardstick to implement GST," he said.

Awang Adek also said 126 programmes involving 18,000 participants have been organised nationwide to explain GST implementation and the feedback received was quite encouraging.

- Bernama

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