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Govt to raise RM13b via taxes and spending cuts

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KUALA LUMPUR: The government is confident of collecting RM13 billion from extra tax collections and spending cuts over five years, although it has not decided on when to implement the Goods and Services Tax (GST).

"We believe RM13 billion is a realistic target. Most of the measures and initiatives we have in place are doable," said Minister in the Prime Minister's Department and chief executive officer of Pemandu Datuk Seri Idris Jala yesterday.

The government hopes to raise RM10.8 billion in extra revenue and save RM2.2 billion in costs through better tax collection methods and the implementation of GST.

Jala said a decision on GST would only be made when the public were receptive towards the idea.

"We don't have a timeline for GST. We are still in the process of engaging with the public on the matter.

"There are people who support the idea and others who do not."

Even if the government decided to implement GST, he said it would only be effective 18 months after the decision was made.

This, he added, was to give the business community time to adjust to the new system.

The government has been toying with the idea of GST for some time now but it has been criticised by some quarters who claimed it would negatively affect the poor.

Jala believed that this was due to a lack of awareness.

"It will not impact the lower income group as most of the basic product



Deputy Prime Minister Tan Sri Muhyiddin Yassin (fourth from left) at the launch of the Economic Transformation Programme update in Kuala Lumpur yesterday. With him are (from left) Domestic Trade, Cooperatives and Consumerism Minister Datuk Seri Ismail Sabri Yaakob, International Trade and Industry Minister Datuk Seri Mustapa Mohamed, Science, Technology and Innovation Minister Datuk Dr Maximus Ongkili, Health Minister Datuk Seri Liow Tiong Lai and Minister in the Prime Minister's Department Datuk Seri Idris Jala. — NST picture by Ghazali Bujang

and services will be exempted or zero-rated. These include rice, raw meat, fresh fish, vegetables, domestic public transportation and healthcare services," said Jala.

Six initiatives will be implemented to improve tax collection, which include widening the audit and investigation coverage and enhancing

Customs' enforcement and audit.

"Only one million Malaysians pay taxes out of a population of 28 million. The current tax gap — the difference between projected and actual collection — currently stands at about 20 per cent, compared with 10 to 15 per cent in developed nations.

"As such, there is potential upside

of RM20 billion."

The government also aims to be a "smart spender".

For a start, the government's procurements will be done via bidding on an Internet portal.

Under-performing suppliers and service providers would also be eliminated, he said.