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IMF praises country's GST efforts

ADAPTIVE: Tax model 'progressive' and has interests of lower income group in mind

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THE International Monetary Fund has praised Malaysia's preparation for the implementation of the goods and services tax (GST).

Royal Customs Department GST director Datuk Subromaniam Tholasy said IMF officers from Holland, Japan and Australia had described Malaysia's GST model as progressive and had the interests of the lower income group in mind.

"The GST rate of six per cent is reasonable and among the lowest compared with other Asean coun-

tries, which have imposed a GST rate of seven to 12 per cent rate," he said after a GST briefing with Media Prima staff at Seri Pentas here yesterday.

Subromaniam said the implementation of GST from April 1 next year would provide a positive impact on the country's finances, even after the reduction of individual and corporate taxes, as well as the government's pledge to continue providing 1Malaysia People's Aid (BR1M).

"The greatest advantage of GST is that it is a transparent tax system and is the best way to address the structural defects in our current system.

"When GST comes into effect,

goods that were taxed at 10 per cent will see a reduction, while goods taxed at 5 per cent will see a slight increase. Services which imposed a six per cent tax will not change in price."

Subromaniam said there would be a slight increase in prices for certain goods, but prices would stabilise in the long run, adding that the public needed to understand the impact of GST on their lives instead of just subscribing to the opinions of those against it.

"One of the issues brought up was that it was not the correct time to implement GST, as we are a developing country and that we needed to wait until we were fully developed.

"Our decision to implement GST is one of the steps towards becoming a developed nation, and not the other way around, as most developed countries have already implemented it."

On another matter, Subromaniam said a "shoppers guide" would be released three months before the implementation of GST, which would feature prices of goods and services before and after the implementation of the new tax.

He also urged small and medium enterprises (SMEs) to register their businesses for GST before Dec 31, adding that businesses could register online or via kiosks set up at state Customs Departments.

SMEs that decided to register ear-

ly could also take advantage of the E-voucher subsidy programme, which would entitle them to RM1,000 vouchers from SME Corp to upgrade their accounting systems.

Businesses offering goods and services have to be registered for GST if their annual sales turnover exceeds RM500,000.

"It is compulsory for businesses categorised under 19 sectors and industries to register before the end of this year," said Subromaniam.

GST is set to replace the current Sales and Service Tax next year in a bid by the government to ensure a more efficient method of imposing taxes.



A Customs officer briefing a visitor to a GST kiosk at the Customs Department Federal Territories head office in Kuala Lumpur yesterday. Pic by Mohamad Shahril Badri Saali