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PRIME NEWS

# GST exemption may be widened

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**PEOPLE STAND TO GAIN:** No compromising nation's revenue base though, says Najib

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**T**HE government may exempt more goods and services from being subject to the Goods and Services Tax (GST).

Prime Minister Datuk Seri Najib Razak said the government would look into adding more goods and services to the list of items to be exempted from GST, as long as efforts to expand the country's revenue base were not compromised.

"We can look into more items to be exempted, as long as we can still have a larger revenue base for the country, which will allow us to drive the nation to greater heights," he said at the Prime Minister's Department's monthly gathering here yesterday.

He said a larger revenue base would allow the government to build more infrastructure in urban and rural areas, among others, adding that failure to put vital infrastructure in place could result in Malaysia lagging behind.

"If we don't build modern infrastructure, we will lose our competitive advantage. This is really important. We also need to spend more on human capital, a critical factor to strengthen the nation, and on healthcare, too, as there is a need for more hospitals and medical equipment to meet the needs of the people."

Najib said the government need-

ed funds to look after the welfare of 1.5 million civil servants. He said this could only be achieved if the government had a viable revenue source, without burdening the people.

He said the government needed to ensure that continuous efforts could be carried out to boost the nation's status for the benefit of the people. He said if GST had proven to be effective in 90 per cent of countries around the world, then it must be a progressive, fair and acceptable tax system.

"Otherwise, the people in these countries would have rejected it."

GST will be rolled out from April 1 next year at a fixed rate of six per cent to replace sales and services taxes, which are at 16 per cent.

Najib likened the GST system to taking antibiotics.

"When we take antibiotics, we need to complete the full course. When you have done so, your health will be restored. So, in our journey to transform the nation, we need to swallow the 'bitter pill'."

"But have faith, as in the end, we will benefit from it and become a successful nation."

"I hope civil servants will inform the people of our efforts and how it will benefit the public and nation in the long run."

He warned of the dangers of populist politicking and short-term measures to attain immediate results.

"We have to look at long-term measures that may require us to go



Prime Minister Datuk Seri Najib Razak at the Prime Minister's Department's monthly gathering in Putrajaya yesterday. Pic by Fariz Iswadi Ismail

through minor hardship for long-term gains. Look at what happens when one plays (the) populist politicking (game).

"The Klang Valley water issue is a clear example of a populist policy."

Najib said the proposal to build the Langat 2 water treatment plant was made by the Federal Government to address an imminent water shortage crisis in the future, but this was shot down by the Selangor government.

"If the proposal to build Langat 2 had been accepted earlier, many would have been spared (from the water cuts)."

On Malaysia's success story, he said it was a testament that the country had a government with the ability to make long-term plans.

"During United States President

Barack Obama's visit to Malaysia, he saw the progress that we have made in the past 48 years since the visit by former president Lyndon B. Johnson, who was brought to rub-

ber estates. Obama did not see rubber trees, but a successful nation that has undergone a major transformation process."

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