

Newspaper	New Straits Times
Date	28 May 2015

PM clarifies GST, 1MDB distortions

ONLINE ADDRESS: He says broadening tax base right thing to do; while 1MDB's assets exceed debts

KUALA LUMPUR

PRIME Minister Datuk Seri Najib Razak, via his blog Najibrazak.com yesterday, addressed concerns and criticisms pertaining to the implementation of the Goods and Services Tax (GST).

Najib, who is also finance minister, explained the new tax system was important to broaden the country's tax base, which in the long run, would benefit the economy and ultimately, the people.

He also answered a host of allegations, including on 1Malaysia Development Bhd (1MDB) and the purchase of the replacement government jet, levelled against him and his administration by former prime minister Tun Dr Mahathir Mohamad.

Criticism of CST

I understand that some concerns have been expressed around the introduction of the GST. However, as prime minister, it is my responsibility to make the right decisions for all Malaysians, even if it can seem difficult at the time.

At the moment, only one in 10 Malaysians pays personal income tax and it is important that we broaden our tax base for the long-term good of the economy.

Furthermore, it is important to note that 23 per cent of the government's revenue currently comes from oil and gas. As we have seen from the recent steep fall in global oil prices, Malaysia cannot sustain its growth and development based on this revenue stream alone.

This is why we announced a reform of the tax system, with the GST replacing the Sales and Services Tax. The introduction of the GST will help us build a stronger, more sustainable and transparent economy; it will help reduce our deficit, help us invest in our future, and help drive forward our national development.

Unfortunately, rather than seeking to understand the economic rationale and the long-term benefit this will bring to the rakyat, some politicians have been attacking the introduction of GST, portraying this as an unusual and unnecessary measure for a country of Malaysia's size.

However, GST is not a new phenomenon. More than 160 countries have already implemented this and in Asean, our neighbourhood, we are the eighth country to introduce it.



An enforcement officer from the Domestic Trade, Cooperatives and Consumerism Ministry checking the price list of goods during an operation after the introduction of the GST, in Kuala Lumpur. File pic

Furthermore, Malaysia's six per cent rate is actually one of the lowest in the world. By contrast, the Philippines, Cambodia, Vietnam, Laos and Indonesia all have a 10 per cent GST rate.

Having said that, I have been made aware that some unscrupulous businesses, both big and small, are trying to take advantage of the introduction of GST to increase prices above the six per cent rate. This is completely unacceptable.

I have instructed the relevant departments to step up their enforcement efforts to ensure that any increases introduced by shopkeepers and business owners are in line with the six per cent GST rate, and that any abuse of this system, which negatively harm the consumer, are brought to a halt.

Tun Dr Mahathir Mohamad's allegations

I accept criticism with an open mind and will continue to address legitimate concerns and feedback.

We must also always respect our elders who have done a lot for Malaysia. However, I know many believe that it is time they let the next generation run the country, and this includes overcoming problems and challenges on our own.

Malaysia is a democracy. I was elected by Umno and by the people of this country to lead them. Therefore, I have their mandate and I am answerable to the party and the people, not to any one individual.

At the next general election and party election, the party and the rakyat can exercise their democratic

rights through the ballot box.

Furthermore, many of Tun's criticisms are unfair or misleading.

He is opposed to the implementation of GST, although all credible economists believe that broadening our tax base is the right thing to do. The revenue will be used for the welfare of the rakyat. Indeed, the idea was first mooted during his administration.

Tun has echoed malicious opposition rumours concerning my wife and family. For example, in a recent speech in Ipoh, he cited a fictitious statement that the opposition has been peddling through the use of a doctored *Utusan Malaysia* article.

Also, he regurgitated a false smear started by the opposition at the time of the last general election that my wife owned a RM24 million ring.

It is a lie and the company that owned the ring had clarified in detail at the time that such a ring was never bought by Rosmah. It is regrettable that someone of Tun's stature should pass on such slander to the people.

He also echoed the opposition in raising the purchase of the replacement government jet, claiming that the Yang Di-Pertuan Agong does not use the jet, calling me a liar.

But again this is false — His Majesty was, in fact, the first VIP passenger to use the newly arrived aircraft for a trip to Langkawi and will continue to do so.

Tun has used the financial challenges facing 1Malaysia Development Bhd (1MDB) as an excuse to attack me. It is true that 1MDB is facing challenges, but not at the lev-

el being alleged.

Indeed, some of the allegations that have been made have no grounding in reality, for instance, Tun's claim that I am responsible for the loss of RM42 billion on 1MDB's balance sheet.

This appears to be a deliberate twisting of the facts as 1MDB has not made a loss of this amount.

This is the amount of its total debt: debt that is far exceeded by the company's assets of RM51 billion, as audited and confirmed by Deloitte.

Most large companies around the world have high levels of debt. There is nothing unusual about this.

He also claimed that I do not answer issues surrounding 1MDB, but I have gone beyond that — and instructed the Auditor General to conduct an audit of 1MDB, the results of which will be presented to the bipartisan Public Accounts Committee.

This should ensure that the process is transparent and all questions that have been asked of the company are independently answered by legitimate bodies rather than politically-motivated sources.

Tun often claims that he is doing something because of what people tell him when they come to see him. However, he should check whether such hearsay and claims have any evidence and truth before airing them. He knows well that many allegations were made about what happened under his administration. And always Tun's answer was: "Where is the proof?"

He should be applying the same test to what he hears.

Although much has been

achieved in the first six years of my administration, all of the progress that our country and BN have made are being ignored in favour of baseless allegations and lies started by the opposition.

Much of what Tun has said lacks objectivity and is downright wrong. The question should be asked — what is Tun's motivation in choosing this moment to regurgitate smears manufactured by the very opposition groups that he previously denounced as liars?

During his 22 years in power, Tun had always insisted on party members supporting the leadership, especially during challenging times.

We did our part then, and I supported him through thick and thin.

I did so because I believed then, as I do now, that party unity is a prerequisite for what we want to achieve for the country. The vast majority of Umno members still recognise that real loyalty means working together to build the party for the good of the rakyat.

It is wrong for Tun and any party members to undermine today's party leadership just because their personal wishes are not met. The interests of the people and the party are far more important than any one individual. I was democratically elected by both the party and the people and, as I have the mandate, will complete my term as party president and prime minister.

My priority is to ensure that we achieve Vision 2020 and the economic, governmental and political transformation that will benefit all Malaysians.