

More income from SST, says Dr M

'No need to reintroduce GST as too many changes affects economy'

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KUALA LUMPUR: Government revenue under the Sales and Service Tax (SST) is expected to surpass collection under the Goods and Services Tax (GST), said Prime Minister Tun Dr Mahathir Mohamad.

There is no reason for the government to reintroduce the Goods and Services Tax (GST) as frequent changes to the tax system will adversely affect the economy, lower investor confidence and bring a bad image to the country, he added.

"Of course there is a shortfall in collection under the SST but this is not because the SST is a mistake.

"This is because when a new tax is introduced, there will be a shortfall due to adjustments made by the officers and taxpayers.

"I am confident that collection under the SST will surpass that under the GST in the years to come," he said when replying to a supplementary question raised by Datuk Seri Dr Ismail Mohamed Said (BN-Kulau Krau) in the Dewan Rakyat yesterday.

"The SST is going on well and we just need to improve its implementation."

Tun Dr Mahathir Mohamad

Dr Ismail wanted to know how the government would make up for the RM22bil shortfall in tax revenue after the SST was reintroduced to replace the GST last year.

To a supplementary question raised by Noor Amin Ahmad (PKR-Kangar), Dr Mahathir said the government decided to reintroduce the SST not as a means to curb tax evasion.

"What often happened was that there was double taxation under the GST, which resulted in the people and traders not being happy with it compared to the SST, which had been long in use without any problems.

"That is why we reintroduced the SST and I am confident that if managed well, we will get higher returns compared to the GST," he added.

To a question by Ma'mun Sulaiman (Warisan-Kalabakan), Dr Mahathir said the government was looking at ways to improve on the SST and there were no plans to return to the GST.

"The SST is going on well and we just need to improve its implementation. That is why there is no reason to return to the GST which was rejected by the people," he added.

Last Wednesday, the Malaysian Institute of Economic Research (MIER) suggested the government could reintroduce GST in the 2020 Budget at a lower rate of 3%.

In response the following day, Dr Mahathir, when asked by reporters, said the government would consider reintroducing the GST if the people believed it to be better than SST.

However, the Prime Minister has since clarified that there are no plans to return to the GST.

GST, introduced in April 2015 at 6%, was replaced with the SST on Sept 1, 2018.



Still the best solution: The Prime Minister is confident the SST collection will surpass that under the GST in the long run.