

'GST will hurt low-income M'sians'

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PM: This system is sensible with a stronger economy, not for current climate

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LUMUT: The government is not ready to implement the Goods and Services Tax (GST) that will unfairly burden low-income Malaysians, says Prime Minister Datuk Seri Anwar Ibrahim.

On the surface, he said, GST looks like a good system as it is simple, easier to manage with just a flat 6% that everyone will have to pay.

However, he said the implementation of GST will mean that the poor, the fishermen, small-holders, low-wage workers and street vendors are taxed on every-

day essentials.

"GST is a broad-based tax. Everyone pays even for sugar, flour and basic food items.

"Yes, it is systematic and easy to implement, but is it fair? The poor or the unemployed will need to pay taxes just to have food," he said in his speech at the closing of a Madani Rakyat programme yesterday.

Anwar said this in response to assertions by opposition politicians that GST will be a better system compared to the existing Sales and Services Tax (SST).

Anwar's comments come on the back of calls by some experts to revive the GST as opposed to

the government's plans to expand the coverage of the SST in July.

He explained that it will be feasible to implement GST if the country's economy grows stronger and if minimum wage is RM4,000 and above.

Anwar said SST targeted imported and luxury goods rather than daily necessities.

"When imported bananas were taxed, people made noise, but these are not the local bananas like pisang emas or pisang rastali which are not taxed," he said.

Citing examples, he said that imported bananas, avocados and codfish are taxed because these are mostly consumed by those

who are well-off.

Anwar said that taxes collected under SST helped fund critical public services and national defence.

"If we do not collect taxes, how do we repair hospitals, fix roads, build schools or buy new aircraft for our armed forces?" he asked.

He dismissed claims that the government is burdening the rakyat with power tariff hikes, pointing out that 85% of consumers do not have to face higher electricity charges.

"So those shouting about defending the Malays and Islam, who are you really defending? The rich?"

"Because the village people did not see their bills go up, but the rich did," he added.

He said that no taxation system is perfect.

"I am not saying SST is flawless. If there are hiccups affecting businesses, we can sit down, discuss and improve on it.

"But people must understand why taxes are required," he added.

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