

PKR to Najib: Use polls to gauge GST
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By Clara Chooi

KUALA LUMPUR, Sept 27 — PKR today urged Datuk Seri Najib Razak to use the coming general election as a referendum to gauge public support for his plan to introduce the goods and services tax (GST).

PKR chief strategist Rafizi Ramli told a press conference here that Putrajaya should be clear on its plans, saying that it would take between eight and 12 months to prepare for the GST and "dilly-dallying" the move would create uncertainties in the business environment.

"If the government continues to dilly-dally, they will keep on paying for the readiness costs... that is why Najib needs to be brave — if he feels the GST will be key to overhauling the economy, then say it.

"It is not about popularity here but it is about business certainty... this issue has dragged on for six to seven years," he said.

Rafizi (picture) stressed that Malaysians needed to know if a vote for BN would be a vote for the new tax system and the coming elections would be an opportune time for the government to gauge public support.

He said PKR did not entirely reject the proposal to implement GST as it was an effective tax system but insisted that the government first focus on how to improve the incomes of Malaysians.

"We do not reject the GST but we are questioning its viability when only 1.7 million Malaysians are qualified taxpayers. This means most Malaysians belong to the lower-income category," he pointed out.

He said in most countries that impose GST, the system is used in place of income tax. In most cases, he added, the income tax rate would be lowered accordingly once GST is introduced in order to lessen the tax burden on citizens.

"Should GST be implemented in Malaysia now, 10 million Malaysians who are not qualified to pay income tax now will suddenly be burdened," he said.

Rafizi added that implementing the GST should not be viewed as the only way to tackle the country's budget deficit problem.

"If you implement the GST at a rate of four to five per cent, the taxes you would collect annually would only amount to some RM6 billion which is insufficient to cover our deficit of nearly RM40 billion to RM50 billion," he said.

He said the government should first look at its expenditure and curb any leakages or misappropriation of funds before forcing GST on Malaysians and claiming that it was the best option to cut the deficit.

Earlier this month, Najib announced that the government would introduce the GST only after the next general election but did not offer any specific date.

"We need to explain this to the people and there is a growing acceptance that this is the way forward for Malaysia," he told a dialogue session with Forbes Media editor-in-chief Steve Forbes at a conference here.

Fearing a political fallout, the government has repeatedly postponed the implementation of the GST due to fierce political resistance. It was originally expected to have been implemented by the middle of 2011.

The GST is expected to help the government reduce the federal budget deficit and grow revenue by widening the tax base as currently only about 10 per cent of Malaysian workers pay income tax.

The prime minister is widely expected to call elections soon in a bid to win a big mandate which some of his supporters have argued is necessary to push through reforms and introduce measures like the GST.

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