

Muhyiddin says government right to intervene over prepaid phone service tax
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By Melissa Chi

KUALA LUMPUR, Sept 13 — The government's move to intervene in the pre-paid phone service tax issue should not be linked to other taxes, Deputy Prime Minister Tan Sri Muhyiddin Yassin said today when defending the Najib administration's pressure on telecommunication companies to absorb the tax.

Mobile telecommunications providers agreed yesterday to put off the move to pass on a six per cent tax on all prepaid phone users after days of intense political pressure from both the government and opposition parties.

Muhyiddin (picture) told reporters here that the government's move to intervene in a business decision by telecommunication companies was due to concerns over the rising cost of living.

He was responding to questions about the kind of message being sent by the government to the business community as a result of the political pressure on telecommunication companies.

The DPM was also asked if the government move over the pre-paid phone service tax would signal the possibility of future intervention.

"If can we will lessen it, that's our goal. Since this issue has come up, the government will take swift action. More importantly, it is done so that the people will not have to pay more than they should," Muhyiddin said.

"Don't associate this issue with other issues... when we have our Cabinet meeting, we will study and discuss further.

"So the government's action to intervene in this issue I think is good for the people. I've received reports that the people are satisfied."

Information, Communications and Culture Minister Datuk Seri Dr Rais Yatim said yesterday that the companies' decision to put off passing on the service tax was pending consultation with the Malaysian Communications and Multimedia Commission (MCMC).

He said an option now being considered by the companies was to only impose the service tax on pre-paid starter packs.

Last week, Prime Minister Datuk Seri Najib Razak urged telecommunication companies to rethink their move to impose the six per cent service tax on all prepaid sales, calling the levy "difficult to accept" given the rising cost of living.

Najib said the tax on all mobile prepaid starter pack and reloads had come at a time when the government was doing its best to reduce the burden on people after months of surging inflation.

The six per cent tax was announced last week in a joint statement by the

telecommunication players, who insisted that it was not a new tax but had been absorbed by them since it was first introduced in 1998.

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