

**BN and PR should agree to GST after polls says Idris Jala**  
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**By Lee Wei Lian**

KUALA LUMPUR, March 27 — The country's two rival political coalitions should cooperate on tax reforms once the political temperature has simmered down after the upcoming general elections said Datuk Seri Idris Jala today.

The Pemandu CEO said that only 1.7 million Malaysians or six per cent of the population currently pay taxes and the goods and services tax (GST), which was postponed in 2010 apparently to head off political backlash, was the best way to spread the tax burden more evenly.

"We do need the fiscal space (provided by the GST)," Idris Jala told attendees at a certified public accountants conference here.

"Hopefully, after the election, both parties will settle down and we can agree on GST," he said.

Jala (picture), who is also a minister in the Prime Minister's Department, said that with GST, income tax and corporate tax could be lowered which would make Malaysia more competitive.

He noted that at a rate of four per cent GST, the government would realise an additional RM6.3 billion in revenue and at seven per cent GST, which is the rate in neighbouring Singapore, the government could collect an additional RM25.7 billion.

"We can then reduce personal and corporate taxes and also reduce sales and service taxes," he said. Idris said that despite 8.5 million Malaysians being registered as tax payers, only 1.7 million actually payed any.

"We can't rely on just a few to carry the kavadi," he said.

The GST Bill was tabled for reading in Parliament in December 2009 but its second reading, originally planned for March 2010, was postponed due to fierce political resistance.

It was originally expected to have been implemented by the middle of 2011.

Analysts said that the government's move to put off GST was due to a weakening of political will following vociferous opposition from Pakatan Rakyat leaders.

The Najib Administration's official reason was that it wanted to "engage inclusively with all segments of rakyat pertaining to the GST".

Bloomberg reported earlier this month that the prime minister may dissolve Parliament in May for a general election that could likely be held on June 3.

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