

**GST May Be Implemented By 2014 If No Economic Downturn, Says Tax Consultant
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KUALA LUMPUR, Oct 12 (Bernama) -- There is a possibility of the Goods and Services Tax (GST) be implemented by 2014 provided there is no economic downturn, a tax consultant said today.

Taxand Malaysia Sdn Bhd Chairman Dr Veerinderjeet Singh said a four per cent GST would be a good start.

He said the GST would help recover losses from existing sales and service taxes which would be abolished after its implementation.

"The GST can be a revenue earner if the rate goes beyond four per cent," he told a media briefing today.

Veerinderjeet Singh said the challenge lies in the hands of the political masters to convince the people to accept the GST.

When the GST was introduced in other countries, it came with a reduction in corporate and income taxes.

"But in Malaysia's case, it's different as the sales and services tax is in place. The concern now for Malaysia is whether traders will increase prices to their whims," he said.

He said the authorities should closely monitor prices of consumer goods and services to check profiteering and indiscriminate abuses by unscrupulous traders out to make a fast buck.

Veerinderjeet Singh stressed that the people should be educated adequately on how the GST would impact them.

"Some people think when the GST is introduced, the corporate tax should go down," he said.

"Because of the deficit in Malaysia, there should not be expectations of a reduction in corporate tax or more reduction in personal tax until the GST system is stabilised.

"Normally, it will take about three years to solve teething problems," he said.

This also posed a challenge to tax administrators to manage the tax efficiently, he said.

Veerinderjeet Singh also said a quick refund system was essential for exporters who cannot charge GST on overseas buyers but have to pay tax for input costs incurred locally.

Taxand Malaysia Executive Director Kang Beng Hoe said the GST will also depend on how the economy grew and the people's income.

"We cannot substantially raise the GST rate if people are earning low income," he said.

Commenting on the Real Property Gains Tax (RPGT) introduced in the 2013 Budget, Veerinderjeet Singh said it was a gradual and progressive step.

The budget proposed a 15 per cent increase in the RPGT from 10 per cent for properties sold within two years.

"A higher tax of something like 30 per cent (prior to 2007) will be too sudden," he added.

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