

**Jala's comments, Ahmad Maslan's finance post show looming GST, says DAP  
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By Boo Su-Lyn**

KUALA LUMPUR, May 18 — The DAP has warned Malaysians that the Goods and Services Tax (GST) could be implemented soon following Datuk Seri Idris Jala's comments on the broad-based tax and the appointment of Umno information chief Datuk Ahmad Maslan as deputy finance minister.

Jala, who is a minister in the Prime Minister's Department, told a forum yesterday that the GST would generate an additional revenue of between RM20 billion and RM27 billion if it was implemented at a rate of seven per cent.

"It seems that the implementation of GST is top on Najib's list after the elections," DAP political education director Liew Chin Tong (picture) said today, referring to Prime Minister Datuk Seri Najib Razak.

"Indeed, I have been alerted that the appointment of Umno propagandist Datuk Ahmad Maslan as deputy finance minister — one of the strangest of Najib's appointments — is for him to co-ordinate propaganda for the implementation of GST," added the Kluang MP.

Najib's Barisan Nasional (BN) had said it would implement a broad-based tax policy if it won the May 5 general election.

Liew said last October that Najib's Budget 2013 speech contained "coded signals" on the imminent implementation of the GST.

He noted that paragraph 80 of Budget 2013 reads: "Apart from the transition from bulk subsidies to targeted subsidies, a review of Malaysia's taxation system will be continued to ensure the taxation system better reflects the household's financial position."

Paragraph 82 reads: "Implementation of the new tax structure is a national imperative to ensure the government's finances remain strong for future generations. The government will not shrink from taking right action although it is challenging."

Liew said GST would further erode the disposable income of the middle class and the poor, noting that 60 per cent of Malaysian households have a monthly income of less than RM3,000.

"Imposing GST will tax this group more than what BR1M gives them," said the lawmaker, referring to the RM500 government cash aid Bantuan Rakyat 1 Malaysia (BR1M) that has been doled out twice to such households.

"The argument that hundreds of items consumed by the poor would be exempted from GST does not hold water because the implementation of BR1M shows that the financially 'squeezed' middle- and lower-income groups, combined (sic), make up 60 per cent of the population," added Liew.

Liew said Putrajaya has no "moral right" to impose new taxes without addressing endemic corruption and cronyism, pointing out that Pakatan Rakyat (PR) would have increased government revenue by reducing corruption and wastages if elected into government.

The BN government has delayed the implementation of the GST several times, despite economists saying that a reform of the tax structure was necessary to lift Malaysia out of a middle-income trap.

Only 10 per cent of the working population in Malaysia pays income tax.

Economics and governance professor Datuk Dr Mohamed Ariff Abdul Kareem said last month that Malaysia's tax base needed to be broadened to increase revenue, pointing out that the country's debt-revenue ratio was 246 per cent, close to Italy's 261 per cent.

The urban and middle-class electorate had deserted BN in the May 5 general election, leaving the ruling coalition with just 133 seats in Parliament while PR maintained control of Penang and Selangor, the two most developed states in the country.

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