

Putrajaya tables GST Bill
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By Eileen Ng

Putrajaya has tabled the contentious goods and services tax (GST) Bill in Parliament today, which will see a slew of products and services subjected to tax come April 1, 2015.

The Bill was tabled for first reading by Deputy Finance Minister Datuk Ahmad Maslan, six months after Prime Minister Datuk Seri Najib Razak announced the implementation of the GST in his 2014 Budget speech in October last year.

The GST Bill will replace the current sales and services tax.

Najib had said the 6% GST rate would be among the lowest among Asean countries, with Indonesia, Vietnam, Cambodia, the Philipines and Laos capping theirs at 10% and Singapore 7%.

The Bill tabled today does not mention the GST rate, and only states that the finance minister can fix, vary and change the rate of tax to be charged on goods and services.

It also does not state the items exempted or subjected to GST, except to say it can be determined by the minister.

Under the Bill, those who evade the new tax can be fined between 10 and 20 times the amount of tax, or jailed up to five years, or both.

For second or subsequent offences, a tax evader can be fined between 20 and 40 times the amount of tax, or jailed up to seven years, or both.

If the amount of tax cannot be ascertained, the evader shall be liable to a fine of between RM50,000 and RM500,000, or jailed up to seven years, or both.

The Bill states that those who try to obtain GST refunds illegally can be fined a maximum of RM50,000, or three years jail or both; and a penalty of two times the amount refunded or entitled as a relief, in excess of the amount properly refundable or entitled as relief.

The Bill also empowered the Customs director-general to seek the assistance of the police or the Immigration Department to prevent any persons found to have owed tax from leaving the country.

The police or the immigration can retain travel documents if a request had been made by the director-general.

Any person who tried to hinder, assault or obstruct an officer from carrying out his duties, or fails to give reasonable assistance to the officers, can be jailed a maximum of seven years or a maximum fine of RM100,000, or both.

Putrajaya had come under fire from the opposition over the move to implement the broad-based consumption tax, with Pakatan Rakyat lawmakers pointing out that Malaysia would still face bankruptcy if corruption and wastage were not addressed.

Opposition leader Datuk Seri Anwar Ibrahim had previously criticised the move, describing it as a regressive tax which would contribute to income inequality and widen the gap between the rich and the poor.

"GST can be the main cause of inflation," he had said, citing a study by CIMB Research that the implementation of the consumption tax would contribute to a 5% increase in inflation due to lack of stringent enforcement laws.

Putrajaya had defended its move to peg the GST at 6%, saying several measures were put in place to help the lower-income group.

The GST was first announced during Budget 2005 and was originally scheduled to be implemented in 2007 before it was deferred.

It was then tabled in Parliament for the first reading in 2009, for implementation in late 2009, but was shelved after the move was resisted by Malaysians in general.

The GST, known as value-added tax (VAT) in some countries, is imposed on goods or services at each stage of the production and distribution chain. – March 31, 2014.

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