

Customs Department should handle GST collection, says PAS lawmaker
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By Jennifer Gomez

A PAS politician has questioned Putrajaya's rationale in appointing a third party to administer the collection of the Goods and Services Tax (GST) which will come into effect in April next year.

Datuk Mahfuz Omar (PAS-Pokok Sena), in criticising the government for rushing through the passage of the GST Bill yesterday, said that the collection of the consumption tax should be handled by a government agency such as the Customs Department and not contracted to a third party like MyEG Services Bhd.

He said this also showed that Putrajaya was not ready to implement the GST system.

"Why appoint MyEG, a third party for the collection of the GST?"

"Why not get the Customs Department to purchase the software required and manage the collection?" he asked.

Mahfuz said that this was to avoid a case like the Automated Enforcement System (AES) for traffic summons, which was contracted to a third party; however, the government ended up having to take over the system and pay compensation to the two companies involved.

The takeover of the traffic summons system came into effect as the public had strongly opposed the idea of a third party implementing it and collecting the fines.

As such, Mahfuz expressed concern that the collection of the GST which was contracted to MyEG would end up the same way, with the government having to take over the system and pay compensation at some point.

He also wanted to know the "cut" MyEG would get for managing the system, adding that these details should be made public.

It was earlier reported that MyEG had been contracted by the Customs Department to undertake the Customs online tax reporting or electronic monitoring system (EMS) meant for the GST system.

MyEG said the value of the project is estimated to be RM180 million over a six-year term which started this month.

The deal involves a software system that will be linked to the point-of-sales terminals and cash registers to track the collection of the consumption tax.

In October last year, Prime Minister Datuk Seri Najib Razak announced the implementation of the GST in his 2014 Budget speech, to 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 Philippines and Laos capping theirs at 10% and Singapore at 7%.

Putrajaya had come under fire from the opposition over the move to implement the GST, with Pakatan Rakyat lawmakers saying that Malaysia would still face bankruptcy unless the losses linked to corruption and wastage were addressed.

They also said that the new tax would burden Malaysians who were struggling to cope with the rise in cost of living.

Despite this, the GST Bill was passed by the Lower House yesterday. – April 8, 2014.

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