

GST a Progressive Tax System, Not Meant to Burden People - Najib

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PUTRAJAYA, May 5 (Bernama) -- The Goods and Services Tax (GST) is a progressive tax system and its introduction is not meant to burden the people, said Datuk Seri Najib Tun Razak.

The prime minister said the GST awareness campaign would have to be intensified to enlighten the people on its merits and basis so that no one would protest for no reason.

"We must explain that many people are not paying taxes. As finance minister, I know that many are not paying taxes or are paying less than what they should have.

"This system (adopted by 90 per cent of countries) is more progressive as it depends on how much our expenses are.

"And in this way, together with steps taken to exclude taxes on essential items used by the people, the introduction of the GST will not burden the people," he said at the Prime Minister's Department monthly assembly here today.

Najib said the government would look into the possibility of exempting more goods and products from the GST without affecting the revenue base expansion.

The GST implementation can help stimulate growth and enable the country to provide more infrastructures and basic needs in urban and rural areas, he said, adding that, "If we do not build more modern infrastructures, we will lose our competitive advantage."

The prime minister said more expenses were needed for human capital as it was also a critical factor in terms of competitive strength of any country.

"The tax revenue is also required for healthcare as there is a need to have more hospitals, medical equipment, etc that are urgent needs of the people," he said.

Najib said adequate revenue was also required to take care of 1.5 million civil servants.

"This is the philosophy of the government of the day and I believe that such a move would elevate the country to the stature that we aspire," he said.

Najib said if the system was proven effective in 90 per cent of countries, it must have been found to be a progressive tax system that was fair and acceptable to the people.

The government will implement the Goods and Services Tax (GST), effective April 1, 2015 at a fixed rate of six per cent.

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