

Consumption tax will benefit everyone, says Najib
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By Lee Shi-Ian

Despite the widespread May Day protest, Putrajaya has maintained that the controversial Goods and Services Tax (GST) will level the playing field for taxpayers as there are many who evade paying income tax.

Prime Minister Datuk Seri Najib Razak said today that there were just over a million taxpayers in a country with a population of 28 million.

"How often have we heard about supposedly poor people who can afford to send their children abroad for a foreign education?" Najib asked at his department's monthly gathering.

"This is an obvious case of under-declaring income or paying less than what you are actually supposed to pay," he said.

"The GST is a progressive tax which will benefit Malaysians as it depends on consumption. Many Malaysians do not pay income tax," Najib said.

On May Day last week, thousands of Malaysians had gathered near Dataran Merdeka to voice their dissatisfaction with Putrajaya's intention to introduce GST.

GST is scheduled to be implemented in April next year and many Malaysians, already reeling from the rising cost of living, are concerned about making ends meet.

Referring to the recent visit by US President Barack Obama, Najib said the first US President to visit Malaysia, Lyndon B. Johnson, was taken to a Felda plantation to see rubber trees in 1966.

"This time, Obama saw a success story, a young country which has undergone a massive transformation within half a lifetime," Najib said.

"In Malaysia, we not only consider the short term but the long term as well. When we draw up plans and policies, it is done with the long term in mind too," he said.

Najib acknowledged that policies which were beneficial in the long-term were sometimes a difficult process in the short term, like the GST.

"However, all factors should be taken into consideration, especially the fact that it will benefit Malaysia in the long term," he said, adding that GST had been implemented in other countries.

"If this progressive system of taxation was not effective, I am sure the citizens of other countries currently practising GST would have demanded it be scrapped."

He criticised certain quarters who had incited the public to protest against the GST.

"There are many tax evaders in Malaysia, the GST is a system which is fair and progressive and accepted by the public," Najib said.

He acknowledged that a more comprehensive briefing and explanation was required for the public to understand the GST and how it worked.

Najib said GST could help Malaysia progress to the next stage and maintain its competitive advantage and strength.

"The revenue from the GST will enable Putrajaya to build more infrastructure in both urban and rural areas," Najib said, adding that without modern infrastructure, Malaysia would lose its competitive edge.

"We also need to build more hospitals, purchase the latest medical equipment," he said, adding that the welfare of the 1.5 million civil servants had to be taken into consideration.

"In order to take care of our civil workforce, a strong and rising revenue channel is required. GST will enable us to lift Malaysia to greater heights." – May 5, 2014.

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