

Study: GST will affect poor more

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The GST will affect the low-income group such as technicians, clerks, service workers, farmers and fishermen even if essential items are exempted.

PETALING JAYA: A recent study by the Penang Institute showed that Goods and Services Tax (GST) is a regressive tax which will burden the low- and middle-income groups even if essential items are exempted.

Penang Institute's Head of Economics and chief executive officer Dr Lim Kim Hwa said the GST would affect the poor after taking into account household expenditure pattern and income.


"This is despite GST exemption on essential items such as basic food, public transportation, education and healthcare," he said.

He added that those affected most would be technicians, clerks, service workers, farmers and fishermen.

Minister in Prime Minister's Department Idris Jala had said on his blog on Nov 4 last year that the rich who consumed more would be affected and not the poor.

Findings also revealed the worst-hit households are those earning about RM2,500 per month, with GST burden at 2.67% of their income, while the poor, averaging RM605 per month will pay 2.35%.

Highest income households averaging RM30,815 per month, however, will bear only 1.32% of the burden.

The study used Bank Negara's estimates of income and expenditure, combining it with the latest Household and Expenditure Survey  2009/2010, taking into account the income, and household spending pattern.

Detailed study and other information can be found www.penanginstitute.org/gst/.

The GST Bill has been tabled recently for reading in Parliament and will be implemented on April 1 next year.

Source: <http://www.freemalaysiatoday.com/category/nation/2014/04/07/study-gst-will-affect-poor-more/>