

Will GST be used to settle Putrajaya's debts, asks Ku Li
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By Eileen Ng

Putrajaya's move to roll out the goods and services tax (GST) next month was criticised again by veteran Gua Musang MP Tengku Razaleigh Hamzah, who asked if the proceeds will be used to pay off the federal government's debts or for the benefit of the people.

He said the broad-based consumption tax would be an additional burden to the people, at a time when the country was facing high household, corporate and government debts.

"It is with this in mind that I had previously proposed in my letter dated October 30, 2014 that the GST be deferred since the economy and public funds are at a dire level," he said in referring to his open letter to all federal lawmakers last year.

"The people are also being burdened with high household debts. As such, we need to know the reasons GST is levied because this will add on to the people's financial burden."

The former finance minister said the people had the right to know if GST, which goes into force on April 1, benefited the country or used only to pay the interest to debtors and bond holders.

"The real reason of GST implementation should not be kept as a secret," he said in his speech debating the royal address in Parliament today.

In his six-page letter, which was distributed to all federal lawmakers last October, Tengku Razaleigh said Putrajaya must be sensitive to factors that could lead to the downfall of the economy, including laws such as the Official Secrets Act and the Universities and University Colleges Act.

He had urged the government to postpone the GST to a time when the economy was more stable and firm.

Today, the Umno federal lawmaker said Malaysia's financial health had not improved, expressing his worries over the household debt pegged at 87.4% and ranked as one of the highest in Asia and urged Parliament to consider carefully in its plan to go ahead with the consumption tax.

"We are also burdened with high corporate debt, which we should be concerned about. Unfortunately, we do not have a real understanding of this problem because of lack of transparency.

"Whatever it is, the amount of household, national and corporate debts should worry us when we talk about the future," he said in urging Putrajaya to be transparent on

the extent of the nation's debt.

He also expressed concern over Putrajaya's usage of funds from the Employees Provident Fund (EPF) and the Retirement Fund Incorporated (KWAP) to help financial institutions involved in giving loans to certain bodies.

In this regard, he wanted the finance minister to explain the financial standing of both EPF and KWAP as well as the total funds in financial institutions that are burdened with loans. – March 17, 2015.

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