

GST Eases Tax Burden On Low-Income Group

Bernama

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KUALA LUMPUR, March 31 (Bernama) -- The tax burden on the low-income group will be less compared to those in the high-income group following the implementation of the Goods and Services Tax (GST) tomorrow.

This means the rich will pay more taxes compared to the poor based on the country's GST model which is progressive and not regressive.

The implementation of GST is not to reduce the purchasing power of the people as a large portion of the basic food and services items critical to the people are exempted from GST.

GST, at only rate of 6 per cent, will replace the Sales and Services Tax which is 16 per cent.

As only eligible registered traders are entitled to claim input tax paid, it should be able to reduce the cost of doing business and balance the prices of goods and services in the market.

Apart from that, to help lighten the burden of tax following the implementation of GST, the government has allocated additional payments of the 1Malaysia People's Aid (BR1M) to households earning less than RM4,000 a month.

The government is also providing income tax rebate of between one to three per cent to those in the medium and high income brackets.

All these measures are aimed at raising the purchasing power of the people.

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