

GST is not a regressive tax, veteran economist tells Anwar

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Sunway Group corporate adviser Ramon Navaratnam agrees however, that corruption, wastage and leakage need to be stopped.

PETALING JAYA: A veteran economist disagrees with jailed opposition leader Anwar Ibrahim that the GST is a regressive tax which only benefits the rich and persecutes the poor.

Speaking to FMT, Ramon Navaratnam said GST was a progressive tax used by many countries around the world.

As it is a consumption tax, Ramon said those who consumed more would have to pay more tax.

“When you look at the GST in Malaysia, many items consumed by the lower-income group are either GST-exempt or zero-rated.

“What’s the alternative? How will it be better for the lower-income group?”

Ramon, who is also corporate adviser to the Sunway Group, said however, there was a lot of room for improvement in the implementation of the GST.

“We’ve had the GST for two years now. We should have town hall meetings to get feedback from the public on improvements, such as updating the list of what else should be exempt and what shouldn’t.”

He said there may be items which are currently exempt which may not be consumed by the lower-income group.

In the past, some have questioned why luxury food items like lobsters were zero-rated, when they were consumed mostly by the higher-income group.

Ramon also agreed with Anwar that corruption, wastage and leakage need to be stopped.

“People won’t mind the GST if they are convinced the money is well spent.

“But when they see there is wastage, people won’t want to pay any kind of taxes.”

Ramon said all forms of federal taxes went into a consolidated fund which ultimately went into the national budget.

Because of this, a bi-partisan monitoring system needed to be developed to ensure leakage and wastage highlighted in the auditor-general's report didn't recur.

"We should have a Parliamentary Select Committee, comprising politicians from both sides of the divide to monitor, follow up and assess the effectiveness, equity and implementation of the budget."

Anwar had in an earlier statement, urged that the GST be abolished and wanted a more progressive tax system to be implemented.

The former finance minister said the GST, which replaced the sales and services tax, only widened the gap between the rich and the poor.

In January last year, Prime Minister Najib Razak announced that money collected from the GST was over RM50 billion.

Anwar, who is currently serving a five-year prison sentence for sodomy, went on to slam the corruption that plagued the country as well as the continued wastage and leakage from government projects.

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