

GST, Subsidy Rationalisation Implementation Was The Right Decision - Najib

PUTRAJAYA, Feb 22 (Bernama) -- The government's bold step in implementing a structural change, including the Goods and Services Tax (GST) and subsidy rationalisation, was the right decision as it managed to increase the country's revenue, Prime Minister Datuk Seri Najib Tun Razak said.

"The achievement did not come easily as the government had to make a difficult and challenging decision," Najib, who is also Finance Minister, said at a ceremony to pay tribute to the dedication of Treasury' staff for the years 2015 and 2016, here today.

The prime minister said the implementation of the GST was the right step, driven by 'political will and courage' and it was proven right as India and Saudi Arabia had expressed their interest to do likewise.

"The two countries will follow our steps. India will be implementing the GST in April next year with the highest GST rate of 23 per cent and Saudi Arabia will also be implementing the GST for the first time.

"This means that we were not wrong in implementing the GST. It was the correct thing to do," he said, adding that proceeds from the GST, introduced on April 1, 2016 at the rate of six per cent, was RM41 billion.

Najib said he was advised by many quarters against implementing the GST as it would not be an easy task and Barisan Nasional (BN) could lose the elections if it were implemented.

However, he said, the BN scored a landslide victory in the Sarawak state election despite the opposition harping on the GST issue.

"When we implemented the GST, our revenue increased even though oil prices were falling. Thus, we can continue all our efforts towards aid programmes for the wellbeing of the people," he said.

Under the subsidy rationalisation programme, he said the government's decision to change its policy from bulk subsidies to targeted subsidies had shown very good results.

"If anyone were to criticise BR1M (1Malaysia People's Aid), actually the people like BR1M. I dare say that the average Malaysian loves and supports BR1M. What the Ministry of Finance did through BR1M was right," he said.

Najib said the Finance Ministry had gone through an evolution as its role was not only to manage the country's fiscal and monetary policies but also becoming an 'operating ministry' to implement various programmes such as the Urban Transformation Centre and Entrepreneurship Development Programme.

Without strong economic fundamentals and plugging leakages, he said definitely it would be difficult for the country to achieve the desired growth rate.

"In managing the economy, we must see the structural changes because if we dare not correct the weaknesses or certain shortcomings, we may not be able to put the economy on a stronger foundation.

"This means that our ability is not only to ensure encouraging economic growth but also to champion the welfare of the people," he said.

Najib believes based on current trends, the country's growth rate this year would be higher than 4.5 per cent achieved in the last quarter of last year.

-- BERNAMA

© 2017 BERNAMA. All Rights Reserved. [Disclaimer](#) | [Privacy Policy](#) | [Security Policy](#)

Source: <http://www.bernama.com/bernama/v8/newsindex.php?id=1331776>

