

Call BN Barang Turun gov't a year after GST'
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The goods and services tax (GST) frightens the opposition because it will actually lower prices instead of increasing them - but only after a year, says Deputy Finance Minister Ahmad Maslan.

Ahmad insists that the GST will lower input costs for manufacturers as the five to 10 percent sales tax will be simultaneously abolished when the GST kicks in at six percent on April 1, 2015.

"Prices will come down (but only) after a year.

"This is a scary fact for the opposition, which now mocks the BN government as Barang Naik (government), but after the GST, we will be known as 'Barang Turun' government," Ahmad said at a pro-GST forum at Sheraton Hotel in Kuala Lumpur today.

At a press conference later, Ahmad, who is also Umno information chief, said the government also hopes to reap an additional revenue of RM3 billion a year from the more "efficient" GST, after taking into account other tax cuts and giveaways.

He added that a new GST Bill would be introduced for debate in Parliament next month and it should be well-supported as the five to 10 percent sales tax and six percent service tax would also be abolished.

Asked about inflation during the first year of its implementation, Ahmad reiterated the government's view that prices should not rise more than 1.8 percent after GST.

This is not the first time Ahmad has insisted that the GST will reduce prices as he made the same declaration last month.

His declaration immediately drew fire from the opposition as illogical.

'BN a praiseworthy gov't'

Ahmad - who is also the Pontian MP - had lauded BN as a praiseworthy government during his speech, as lower income Malaysians need not worry even for the first year of the GST.

He guaranteed that the government would hand out RM300 extra cash, in addition to the regular aid amount for 1Malaysia People's Aid (BR1M) recipients next year.

Last week, the government handed out RM3.6 billion under a third annual BR1M giveaway to about 7 million households earning below RM4,000, with an insurance component added in.

"No other government in the world is as good as BN - thank you for your support!" he said at the forum organised by Institute of Strategic and International studies (ISIS) Malaysia and which was attended by tax experts from various countries.

When this didn't earn expected applause from the international audience, Ahmad beamed and

made a joke, "... And that's a word from the sponsor".

Later, when asked by reporters if the government will also consider giving cash assistance to those earning RM4,000 and above, Ahmad couldn't say anything for sure.

He noted that instead of a giveaway, the government has prepared a "shopping guide" to be published three months before the GST.

This will list recommended prices for a range of popular products, including branded items, and how their prices should be affected by the abolition of Sales and Service Tax (SST).

In his speech earlier, Ahmad said he felt disappointed, as many who had criticised the government were not aware that the SST was applied at more places besides popular food and drink joints like KFC and Starbucks.

"The nature of sales tax, which can only be charged at the manufacturing level, makes it difficult for the government to convince public that - apart from service tax - they are also currently paying sales tax without realising that it is embedded in the price," Ahmad said, giving more reasons why prices will come down after the GST.

Meanwhile, he reiterated a Finance Ministry mantra that Malaysia's GST was starting off at "among the lowest in the world" and certainly the lowest in ASEAN. About 160 countries have it, he noted.

A speaker at the forum added that in Europe, for example, the GST - also known as value added tax - ranged from 15 to 27 percent.

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