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# GST is fair taxation system on consumers

THE Goods and Services Tax (GST) is a fair taxation system that distributes the burden of taxation among a larger section of the population based on consumption as it states the type and quantum of taxes consumers will be paying for goods or services, an expert says.

Currently, the country depends too much on income tax from both individuals and corporate bodies. Out of the approximately 28 million population of Malaysia currently, less than two million people are paying income tax.

Prof Dr Shazali Abu Mansor of the Faculty of Economic and Business, Universiti Malaysia Sarawak (UNIMAS), said the taxation system was more transparent as consumers knew what type of taxes they were paying and their quantum.

"The poor people should not worry as they will only pay a minimum as their consumptions are mainly essential goods and services such as food, transport and education which are likely to be zero-rated and consumers will not be paying extra taxes.

"Therefore, taxes are for those who can afford to spend. This is because it is the more well-to-do and the wealthy who will consume more, the GST automatically taxes them most, not the lower income group," he said.

Saying that GST should have been implemented a long time ago, Prof Shazali reminded those doubtful citizens, to look at other successful GST cases worldwide and understand the need that GST could be adopted and done in Malaysia too.

According to the Organisation for Economic Cooperation and Development (OECD), the GST is now imposed in over 150 countries, including 33 out of the 34 OECD member countries.

Sharing a similar sentiment, political analyst Dr Mohd Azizuddin Mohd Sani said with the GST, the government had enough revenue to generate growth and fund many development projects.

"For Malaysia to achieve a developed-nation status by 2020, the government needs to reform the current tax system, that can drive business and development.

"Tax reforms, such as introducing GST, may receive much criticism at first, but economically, it is the right deci-



sion," said the dean of the School of International Studies, Universiti Utara Malaysia.

However, Dr Mohd Azizuddin said the government must prevent the price of goods from increasing to ensure that this will not burden the middle and low income group.

For Prof Dr Barjoyai Bardai from Universiti Tun Abdul Razak, he felt the implementation of the GST was timely as Malaysia wished to achieve the developed nation status with high income by the year 2020.

"The GST is a comprehensive and efficient tax system which can generate good income to the nation while not burdening the rakyat," he said.

Barjoyai, who has a Doctor of Philosophy (PhD) degree in taxation and a Master's degree in Industrial Management, said Malaysia, which is considered to be developed in this region, would be lagging behind if it still adopted the existing taxation system because Indonesia, Singapore, Cambodia and Vietnam had long implemented the GST.

He said consumers must realise that with the implementation of the GST, the prices of goods and services were lower compared to the existing tax as it avoided double taxation.

The director of communication, Federation of Malaysian Consumers Association (Fomca), Mohd Yusof Abd Rahman suggested that the government carried out more programmes to brief the people such as having a forum on the GST in towns and the rural areas to avoid a misperception and confusion on the tax which was claimed to burden a section of the population.

In addition, Mohd Yusof suggested that the government produced a guide book on prices which would show the differences in the prices of goods and services before and after the implementation of the GST.