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## 6pct GST high, but better to bite bullet early

Stephanie Jacob & Lawrence Yong | 7:49AM Oct 26, 2013

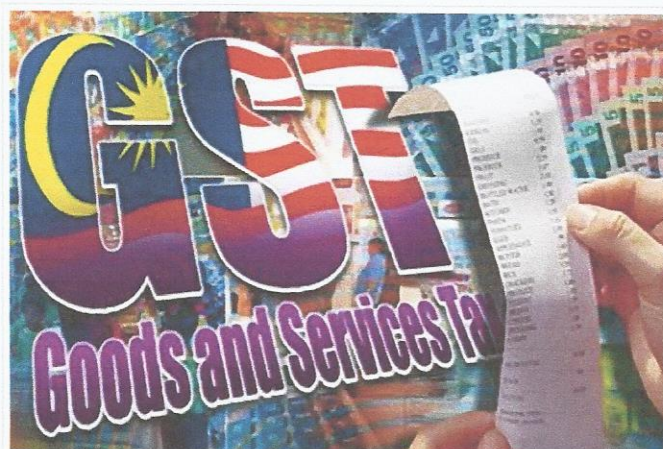
At 6 percent, the goods and services tax (GST) which will kick in on April 1, 2015, is introduced at a comparatively high level, a tax expert admits, but it is better to take the hit early on.

Similarly, a drastic removal of all the sugar subsidy starting today may taste better to some, but is something necessary.

Stakeholders weigh in on yesterday's Budget 2014 announcement:

### **SM Thannermalai, president of the Chartered Tax Institute of Malaysia (CTIM)**

Although the 6 percent GST rate is slightly higher than the rate which is usually introduced at, by biting the bullet, we will not have to tinker with the system which will allow people to get used to the system. Plus at six percent, it is revenue positive.



The one I like is the personal tax, the prime minister increased the maximum level - remember that now you will pay 26 percent at RM100,000, it has now been increased to RM400,000.

He is also going to widen the bands as well, so people with a total income of less than RM4,000 not be taxed. Therefore that will be a whole group of people who will not be taxed when GST comes in.

(The government's) position by 2015/16 will be better in terms of revenue collection. With GST, it will have a steady flow of revenue - especially as it will be dependent on consumption, rather than profits of companies (which is where we now rely) and the state of the economy.

I think he has tabled a responsible budget, and he has not given away incentives all over the place - he has given small incentives across the economy but managed to be frugal and pragmatic.

### **Ratna Devi Nadarajan, vice-president, Federation of Malaysian Consumers Associations (Fomca)**

Fomca has always urged that be given to the really needy and hardcore poor and so we agree with the PM's move to restructure