

Absorb **GST**, telcos told

> Economists question need for rebates

BY **AMAR SHAH MOHSEN** AND **EVA YEONG**
newsdesk@thesundaily.com

PETALING JAYA: The government's decision to provide goods and services tax (GST) rebates for prepaid mobile phone users has not gone down well with various quarters, including economists and consumer associations.

Economist Tan Sri Dr Ramon Navaratnam said that the government should not be in the business of subsidising corporate organisations and companies.

Commenting on Prime Minister Datuk Seri Najib Abdul Razak's announcement on Oct 23 that the government will give prepaid users GST rebates for the whole of next year, which could be as much as RM1 billion, Navaratnam said: "Why should the government give them (telecommunication companies) rebates. Isn't it their social corporate responsibility?"

"They (telcos) should know how to compete on their own," he said. "If they are efficient and making enough profit, they should be absorbing it."

Navaratnam said the telcos were making exorbitant profits and thus the rebates should be borne by them because they are doing well.

Another economist, Prof Dr Barjoi Bardai said the total GST previously absorbed by telcos is now being passed down to all prepaid users which amounted to around RM1 billion.

"This would translate straight to the bottom line of the telcos as additional profits," Bardai said. "Why is there the need



Navaratnam ... compete.



Bardai ... more profits.



Selvaraj ... why pass it down?



Nadzim ... govt should act.

for our government to enrich them further?"

He said the government should pressure the telcos to continue absorbing the GST rather than passing it to the end-users.

Several others contacted by *theSun* were also of the view that the government should not provide the rebate to the telcos but rather use that money for the rakyat for their betterment, eradicate poverty or provide better public facilities and amenities.

Federation of Malaysian Consumers Association secretary-general Datuk Paul Selvaraj said the money that is intended to help telcos in giving rebates to users could instead be used for other more pressing issues like public transport, healthcare and education.

He also agreed that telcos should absorb the tax as done previously. Selvaraj said that prepaid users are more likely to be from the lower-income group.

"All along they have been absorbing the tax, why are they now passing it down?" Selvaraj asked.

Muslim Consumers' Association chief activist Datuk Nadzim Johan said it can be considered shrewd and irresponsible on the part of the telcos for not absorbing the tax.

"This is just arrogance," Nadzim said. "The government should also take action. How can they not handle it? They are the one succumbing to the telcos," Nadzim said.

Attempts since early November to get a response from Communications and Multimedia Minister Datuk Seri Dr Salleh Keruak have been futile although several reminders were sent to ministry officials.

TheSun learned that the ministry is developing a mechanism to effectively implement the system with both the ministry and telecommunications companies bearing the cost of the rebate.