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Malay Mail - PM: GST Mechanism In Malaysia Progressive

□ Monday, Dec 18 2017

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PM: GST mechanism in Malaysia progressive

Malaysia: 16/12

KUALA LUMPUR — Datuk Seri Najib Tun Razak has described the mechanism for the Goods and Services Tax (GST) in Malaysia as progressive with the lower-income group receiving more government assistance from GST revenue compared to the high-income group.

The Prime Minister said this was because GST exemption on basic items ensured those in the lower income bracket would not be adversely affected.

"...while those with higher income, will spend more, thus their tax is higher.

"There is still a misunderstanding on the implementation of the GST in Malaysia, and some consider it as a regressive tax like the GST or VAT (value-added tax) implemented in other countries," said Najib in a post on his blog, najibrazak.com, yesterday.

The Prime Minister said the

government's revenue was now channeled directly to the bottom 40 per cent (B40) household income group which needed more programmes like the 1Malaysia People's Aid Program (BR1M) to reduce cost of living; school aid; assistance to padi farmers, fishermen as well as special aid to low-income civil servants.

Najib said the targeted aid programmes would not be possible if the higher income earners did not contribute a larger amount of tax.

"This means that even though the low-income group also pays the six per cent GST, the benefits that they receive from the implementation (of the tax) are actually many times higher than the high-income group," he said.

He also stressed that GST in Malaysia had already taken into account the economic situation of the people and

the current government would continue to ensure the best quality of life for all Malaysians.

Meanwhile, the Customs Department has given GST registered companies until Jan 31, 2018 to submit their amended GST-03 statement

Its director-general Datuk Seri T. Subromaniam said the decision was made following encouraging response to the approach adopted by JKDM since June, which focused on informed compliance.

After adopting this approach, the department sent "friendly reminder notices" to 62,000 companies which had failed to declare or had under-declared the GST taxes, advising them to amend the assessments on the GST-03 statement, he added.

Following this friendly approach, 37,000 GST-registered companies or

61.2 per cent submitted the revised GST-03 statement," he said in a statement yesterday.

He said companies which failed to make the corrections or settle the amount due after Jan 31, 2018 would be listed for complete audit by the department.

Customs would take stern action including prosecuting those who wilfully refused to comply with the requirements and provisions of the Goods and Services Tax Act 2014, he added.

Subromaniam added that department's officers nationwide also conduct visits to business associations and assisted GST-registered companies which had problems with their assessments.

He said by adopting both the approaches, the department managed to collect RM1.6 billion in tax revenue as at Nov 30.

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