

Make a bold decision and reintroduce GST, Dr Wee tells govt

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MCA president Datuk Seri Dr Wee Ka Siong chairs the Institute of Strategic Analysis and Policy Research (INSAP) 2024 National Budget Roundtable Discussion at Wisma MCA. - NSTP/SAIFULLIZAN TAMADI

KUALA LUMPUR: The federal government must not wait any longer to reintroduce the Goods and Services Tax (GST) to generate revenue for the country, said Datuk Seri Dr Wee Ka Siong.

The MCA president said it was time the government led by Prime Minister Datuk Seri Anwar Ibrahim made a bold decision to reinforce the GST which was abolished in 2018.

"We cannot just delay the taxation system that will benefit us in the long run. We can continue with the exemption list, zero rated supply and giving out targeted financial aid to the B40 group with the increased revenue.

"If 6 per cent rate is too high, you can always reduce it to 4 per cent if you want but tell the people that there will be a gradual increase after some time so that the industries can prepare for it.

"If you do not like the name GST, you can call it any tax that you want.

"To me, this is a better way. When we talk about more spending and giving out more aid to the people, we must also identify the source of income.

"Without this, there are only over 1 million people paying taxes," he said, adding that there were over 100 countries which had implemented the GST.

Dr Wee said this after chairing the Institute of Strategic Analysis and Policy Research (INSAP) 2024 National Budget Roundtable Discussion at Wisma MCA here today.

The 6 per cent GST was introduced in April 2015 to replace the Sales and Service Tax (SST).

The GST, however, was removed when the Pakatan Harapan government took over in 2018.

On Aug 1, Anwar said the government will not implement any taxation measures that would burden the people or businesses, adding that his administration will only tax when absolutely necessary.

Dr Wee said that the GST was vital for the nation to progress and to make the country's economy sustainable for the future.

He said his stance was shared by several chambers of commerce which agreed that the GST should make a comeback.

GST, he added, was a more effective taxation system where one cannot escape from paying compared to the current Sales and Services Tax where it is subjected to leakages.

Dr Wee also said the government should impose a moratorium on the increase of the Overnight Policy Rate for the next 12 months.

He said it was to provide time for the market to stabilise and for consumers to adjust to higher repayment rates.

A possible rise in the OPR would further burden the B40 group amid the increase of prices of rice.

"Everything will increase (from then on) and that means their disposal income becomes lesser and also impacts traders and business communities," he said.

Among the other issues discussed were the gig-economy, the health sector, Technical and Vocational Education and Training as well as tourism.

Dr Wee said the outcome of the roundtable discussion will be compiled and handed to Anwar, who is also Finance Minister.

MCA and INSAP will make representations to the ministry to have the recommendations to be considered and included in the 2024 Budget expected to be tabled on Oct 13, he said.