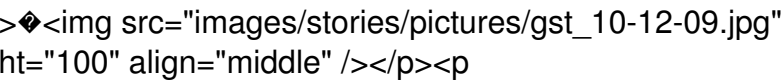


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DATUK PAUL SELVA RAJ, Consumer Research and Resource Centre

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MALAYSIAN consumers should support the implementation of the goods and services tax (GST) for four reasons.

First, the country's tax structure depends too heavily on petroleum revenue. Petroleum is a non-renewable resource.

Second, amid the current economic downturn, the deficit is increasing. Malaysia is expecting a budget deficit of 7.6 per cent for this year.

Third, a tax based on consumption is a fairer tax -- that is, the more you spend, the more you pay. And finally, a goods and services tax is a common practice in most developing and developed countries. Thus, the GST is necessary and vital for continued national development.

The GST should not be politicised. Any anti-GST or pro-subsidy stance may be populist in the short term but damaging to the middle- and long-term interests of the country. Still, there needs to be serious consideration of at least three critical factors for successful implementation of this tax. They are: preparation, poverty and value for money.

Preparation: it is critical that the GST is implemented with adequate preparation. There should be continuous awareness and education of the why and the how of the programme for all stakeholders.

Second, there must be a series of consultation processes to ensure that the concerns of all stakeholders -- consumers, small businesses, manufacturers --are taken into account. Based on these consultations, modifications may need to be made to ensure the interests of all parties.

Finally, all systems and procedures necessary to implement the process need to be in place at all levels, that is, at the levels of government, businesses and consumers.

In the past, much too often the government had been extremely weak in explaining the need for certain policies, switching to fire-fighting mode once the people reject a policy or programmes.

Systematic education and consultation is crucial for success. The GST involves a complicated process. It is collected at different points in a long supply chain. Practically speaking, it may take two to three years of preparation.

Poverty: the GST must not have the effect of making poor people suffer even more. Thus, the assurance given by the prime minister that essentials will not be taxed and that the poor will not be burdened is crucial. Also, a comprehensive and adequate safety net for the poor and marginalised should be in place to provide at least the minimum needs.

Value for money: while taxpayers and consumers may appreciate the need and justification of the tax, they need to have confidence that the money is being well managed for the good of taxpayers and consumers. There have just been too many leakages and was-tage. The Auditor-General's report of government expenditure suggests that the was-tage does not occur as isolated and rare incidents but because of serious systemic failure.

When people pay more tax, they need to know that the money is being spent for their welfare and prosperity. Tax money should be spent efficiently and effectively on improved public transport, healthcare, education, welfare benefits and a myriad other needs, concerns and expectations.

Thus, a more serious commitment by the government to accountability and transparency is crucial for consumers to feel confident that the tax collected will be spent more efficiently for their benefits. We need to know that our tax will be converted into value for money.

Source: http://www.nst.com.my/Current_News/NST/articles/18stg/Article/index_html