The question on GST that we would like answers is as below:

1. **What are your views on GST?**

- GST is a broad based tax collection to replace other mode of taxation based on consumption. GST will automatically cover involved in registered business in Malaysia even is certain size of businesses are exempted but is they are to participate in the whole supply chain has to be registered under GST as suppliers to other big businesses or else they will not be able to expand their opportunities.

- **How will the application of GST will affect consumers?**
- As GST is to replace existing tax systems, there should not not be any significant change or increase in the prices of goods and services. However as certain sector of the business may not be paying tax currently as such this may cause short term inflation. As the understanding of GST is still low, this may create misunderstanding as to the impact to the consumers.

- **Will the implementation of GST will cause cost of living to become higher?**
- Many essential goods and services suuch as food items will be exempted from GST to avoid burdening the lower income groups.
- Gradual implementation of GST at a lower rate of 1% or 2% during the adoption period which will practice the current taxation phase-out stage, will be a way to educate the traders as well as the consumers as to the positive impact to the country.
- As a broad based taxation, with wider tax collection the rate of tax collected will be lower and in reality should have lowering of the cost of living generally.

- **To my knowledge, GST means more paperwork for businesses, which will lead to the increase in cost. This increased cost, will most probably be pushed to the consumers. How do you think this kind of exploitation can be mitigated?**
- It is only a perception, all businesses raise documents such as invoice, receipts and so on. With GST it is only the inclusion of 5% on all their sale to their customers. When the tax is paid to government the amount of tax payable is contra with amount of the 5% of tax paid by the vendor to its suppliers for the inputs. With this there will be only a small increase in the cost. If with proper automation/computerisation for country-wide implementation with government involvement this can be very low.
- Currently many businesses avoid paying tax by various means but with GST all businesses will progressively covered. With more businesses paying tax the rate of tax can be reduced.
- However, these government revenue only be effectively benefit the people if there is good governance and transparency in processes.
- GST is the more effective way of taxation to fund government expenditure which is currently 40% depends on the contribution from petroleum sector.
- Also to note that all countries in ASEAN has adopted GST except MYANMAR/Burma.

Thank you.

Ikhlas,
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