

THE SUN

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Daily necessities exempted from GST

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DAILY necessities including basic food items, public transport, the first 200kWh of electricity usage and first 20cu m of water consumption will be exempted from Goods and Services Tax (GST), which is to replace the current Sales and Service Tax (SST) next year.

Deputy Finance Minister Datuk Seri Chor Chee Heung said among the items to be exempted from GST include farm produce (grains and vegetables), food (white rice, sugar, salt, flour, cooking oil), livestock (live animals and fowl and unprocessed meat such as beef and mutton) and processed meat products.

Other items to be exempted include domestic transport (especially public transport such as train, LRT, monorail, bus, school and factory bus and taxi services), toll, residential property, government buildings,

private healthcare, education and government services.

Speaking to *Sin Chew Daily* in an interview, Chor said the exemption is to reduce the burden on the lower income people. He pointed out that the 4% GST suggested by the government is lower than the 5-10% SST currently charged.

He said although GST is a multi-stage tax system, consumers will ultimately be taxed less. Chor said once the GST is implemented, the government will broaden its tax collection base and will no longer rely only on taxes on petroleum (which accounts for 40.1% of tax income now), and corporate and personal income tax.

As such, the government is expected to gradually bring down corporate and personal income tax rates.