

Headline	GST refunds will not be used for govt expenditure, says Lim		
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GST refunds will not be used for govt expenditure, says Lim

by SULHI KHALID

THE Goods and Services Tax (GST) refunds will not be used for other government expenditure in the future, said Finance Minister Lim Guan Eng.

Lim said the summary of the Public Accounts Committee (PAC) shows that the previous government has used the GST collections for other purposes and left a RM19.25 billion shortfall in the fund for GST refunds.

"Unfortunately, the GST collections were not deposited directly into the fund for GST refunds, and this has caused delays in GST refunds payments for more than a year. Instead, the GST collections, which were deposited directly in the consolidated revenue account, were used for other purposes by the previous government. The delays in GST refunds have caused severe financial complications for the taxpayers," Lim said in a statement yesterday.

According to him, the unpaid refunds worth RM19.4 billion involved 121,429 companies including the country's largest conglomerates such as Petroliam Nasional Bhd (Petronas), Shell Malaysia and Tenaga Nasional Bhd (TNB).

"As stated by the Accountant General's Department in the PAC report, the RM19.4 billion that was supposed to finance the relevant GST refunds was used by the previous government to fund its operating and development expenditures. This was despite the Royal Malaysian Customs Department admitting that RM19.4 billion has yet to be paid out due to insufficient funds in the Fund for GST Refunds," he stressed.

He also said there was a clear breach of the GST Act, as affirmed by the Attorney General Tommy Thomas in his view to PAC early this week.

The GST Act required GST collections to be deposited in the fund for

GST refunds to facilitate payment for GST refunds within 14 working days.

"However, this was not done in accordance with the GST Act and instead, the GST collections were deposited directly into the consolidated revenue account," said Lim.

On Monday, PAC chairman Datuk Dr Noraini Ahmad said there was no "missing GST money" as the previous government has kept all the GST collections in the consolidated fund account.

The Barisan Nasional-led government subsequently transferred it on a piecemeal basis, as and when it was needed, and decided by the GST refunds committee.

However, the PAC committee has discovered several irregularities in the GST refunds as it was not in line with Section 54(2) and Section 54(5) of the GST Act 2014.

Section 54(2) of the GST Act and the trust deed on GST refunds dated

March 13, 2015, has stipulated that all GST collections must be credited into the GST refunds account.

Lim added that the Finance Ministry (MoF) will accept the two principal recommendations made by the PAC, in order to ensure the legal contraventions and financial non-compliance — where monies meant for GST refunds were used for other government expenditures — will not be repeated in the future.

Meanwhile, other regulation includes setting between 14 and 28 working days after receiving the GST statement for the refund to be processed, as required by law.

The PAC has also recommended the government to comply with the law, especially in financial guidelines in order to ensure the financial administration system is managed efficiently.

Meanwhile, former Prime Minister Datuk Seri Mohd Najib Razak said he feels "defended" by the PAC report on the issue of GST revenue.

"I feel defended by the PAC report that showed no evidence of 'robbery' and misappropriation regarding GST revenue," he told reporters at the Parliament lobby yesterday.

"What was done by the previous government was based on the advice given by government officers including the Accountant General's Department and MoF officers.

"The placement of the tax revenues into consolidated revenues is a practice even by the government of Singapore," he added.

Najib also said the funds were kept in a consolidated account before it is transferred in stages for GST refunds.

"From there, we use the money for administrative and development matters. It is impossible that there was swindling or robbing. So, Lim's allegations are serious," said Najib. — (additional reporting) by ALIFAH ZAINUDDIN & DASHVEENJIT KAUR