

## WHY DON'T WE EXEMPT BASIC NECESSITIES FROM GST?

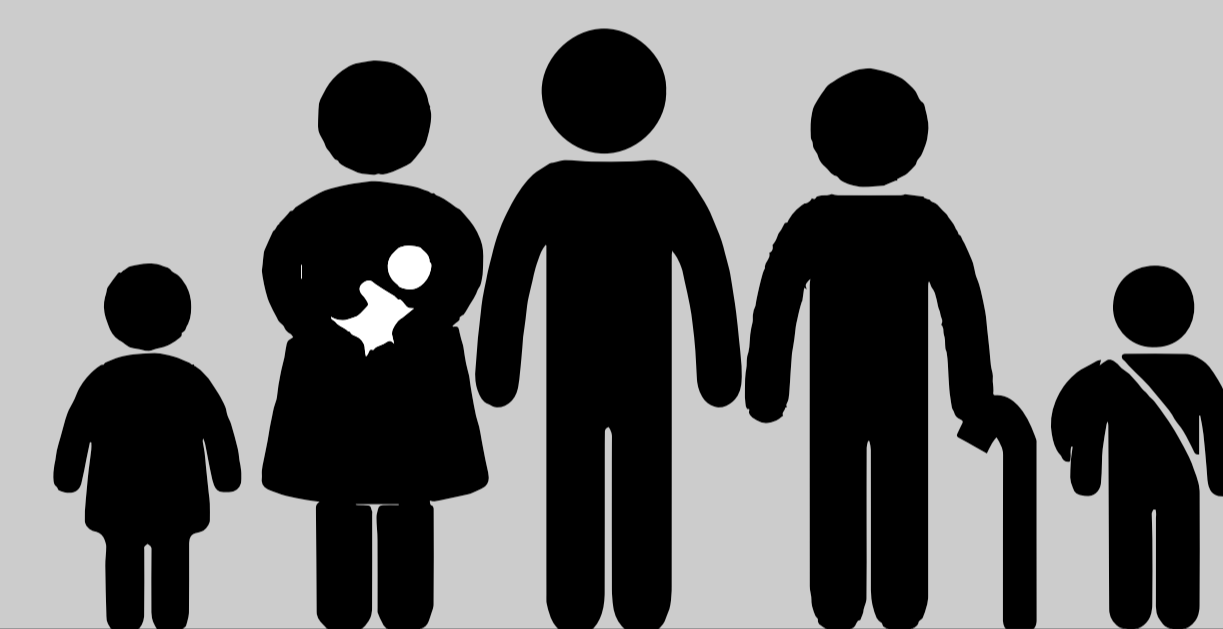
Exempting basic necessities from GST will benefit the wealthy more than the less well-off, and decrease the amount of GST revenue that could be channelled to help them.

A multi-rate GST system is likely to **benefit higher-income households** more than the lower-income households.

**A** Exempting or introducing lower GST rates on certain goods and services will benefit everyone, including **higher-income households**. In fact, as higher-income households spend more overall, such households **benefit more**.

**B** Instead, with GST collected from all goods and services, we provide **targeted assistance** through GST Vouchers and other measures.

**C** This is a **fairer** and **more equitable** approach, rather than waiving GST for some goods for everyone, whether rich or poor.



It is difficult to **define a 'necessity'**.



A multi-rate GST system leads to classification issues, increased tax disputes, and peculiar outcomes.

Studies and experiences of many countries show that multiple rates **complicate** the GST system.

This **raises compliance costs** as businesses have to determine and apply the correct GST rates.



Increased government spending will **benefit all Singaporeans** broadly. GST is a **fair way** to pay for it.