Moving forward with GST

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AFTER introducing the broad-based Goods and Services Tax (GST) system in 2015, over 400,000 companies operating in Malaysia that meet the requirements registered for GST. Of these, 90% filed for GST returns in a timely manner. This registration is mandatory for businesses with a turnover of more than RM500,000.

GST not only has the potential to improve economic growth and increase global market competitiveness, it is also able to raise much needed revenues to enable the Government to address the public service needs of the country.

Malaysia's GST collection to date has been very positive, bringing in RM27bil in its first year of implementation and increasing to RM41.2bil in 2016, RM42bil in 2017 and a forecast of RM43.8bil in 2018. This collection enables the eradication of poverty and restructuring of society.

The 2050 National Transformation plan (TN50) lays down the foundation for addressing social issues which could be realised through the GST revenue collection. From a bigger picture, GST would be seen as the Government's instrument in addressing the new Sustainable Development Goals (SDG) agenda introduced on Sept 25, 2015 by the United Nations. The aims of the SDGs are to end poverty, protect the planet and ensure prosperity for all.

Thus, GST needs to move forward, particularly in channelling the revenue collection to the lower income (B40) groups under Budget 2018.

Described as a budget for the people, the 2018 national budget highlights the need to improve the standard of living of all Malaysians by taking into consideration the global economic performance and growth. GST has been proven to be successful in diversifying the Government's sources of revenue with its increased collection from year to year. This needs to be sustained.

There are some key proposals we should know about for GST measures in Budget 2018.

1. To promote learning and knowledge accumulation, magazines, journals, periodicals and comics will be considered zero-rated effective from Jan 1, 2018.

2. To harmonise GST treatment between federal and state governments and local authorities, all supplies made by local authorities will not be subject to GST. Local authorities will no longer need to be registered under the GST Act 2014 and will not be eligible to claim input tax credit. Local authorities will be granted GST relief on all goods, excluding petroleum and commercial buildings or land, and on the import of cars.

3. Full GST relief will be granted on construction services for school buildings and places of worship financed by public donations for applications submitted to the Finance Ministry from Oct 27, 2017.

4. At present, management and maintenance services of stratified residential buildings are categorized as exempt supply while housing developers who provide such services are subject to GST. From Jan 1, 2018, GST will not be applicable to all service providers.

5. Cruise ship operators will be given relief from GST on handling services provided by sea operators in Malaysia to attract more cruise ships to make Malaysia a port of call and increase the number of inbound travellers.

Effective Jan 1, 2018, big ticket items on the Finance Ministry's approved list will no longer be subject to GST if brought in by firms involved in the aviation, shipping and oil and gas industries.

There will be further relief through GST exemption on goods imported under lease agreements into Malaysia from designated areas.

Effective Jan 1, 2018, the Customs Appeal Tribunal and GST Appeal Tribunal were merged, becoming the Customs Appeal Tribunal.

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