

Hotels refuse to back down

BY VEENA BABULAL AND KOI KYE LEE

KUALA LUMPUR: The Domestic Trade, Cooperatives and Consumerism Ministry should retract the ban on service charge until a collective decision is made with all stakeholders.

Protesting the move, the Malaysian Association of Hotels president Cheah Swee Hee said the government should reverse the ban immediately.

“The way ahead is to sit down and talk to stakeholders but I can assure you now itself scrapping the charge is not an option,” he said, adding that millions of ringgit was spent by hotels to upgrade their software to comply with the implementation of the Goods and Services Tax (GST).

Cheah said that conflicting statements were rife and among issues steeped in confusion was whether the GST should be imposed on the charge.

He said the distribution of the charge to an employee was detailed in the employment letters and was therefore a contractual document which was admissible in court.

Cheah also said that the industry as a whole was peculiar and while many workers barely made it to minimum wage without the additional income from it, their salaries grew far beyond the minimum wage requirement with the charge.

“And this is not only the practice here but the world over,” he said, adding that 90 per cent of the collection went to workers while 10 per cent was kept as administrative charges.

“Allowing only unionised hotels to get this benefit is a double standard, plus only about seven per cent of hotels are unionised,” he said.

The Malaysian Employers Federation president Datuk Shamsuddin Bardan said the ministry’s claim of having received many complaints from consumers regarding the charge was baffling as consumers were aware that hotels and restaurants would continue imposing the charge after GST took effect.

“The decision to take action on non-unionised hotels and restaurants that impose the charge under the Price Control and Anti-Profitteering Act is also retroactive and should be reconsidered,” he said, adding the income supplemented the basic salary, denying those who earn a basic salary of RM900, for instance, an addition of close to RM1,000.

Shamsuddin said that the sticker ruling was a form of bureaucracy and should not be implemented.

He also said Domestic Trade, Cooperatives and Consumerism, Human Resources, Tourism and Culture as well as Finance ministries should sit together and formulate a holistic solution to allow the industries to flourish.