

Vague and confused over SST

NATION

Wednesday, 5 Sep 2018

By Hemananthani
Sivanandam, Zazali Musa,
Sarban Singh, and Cavina
Lim



Sweet news: Proton sales adviser Has Saari showing a promotion on SST at the Proton showroom in Mutiara Damansara, Petaling Jaya.

PETALING JAYA: Businesses are in for a rough ride, five days into the implementation of the Sales and Service Tax (SST), due to confusion over the taxation system.

Members of the SME Association of Malaysia have swamped their president Datuk Michael Kang with complaints about the SST and items that could be taxed under the new regime.

“Many policies are not clear, such as items charged under SST and retail price setting, among others.

“We have also received complaints from our members about difficulty in registering for the SST,” he said when contacted.

He said members were trying their best to cope with the SST and were hopeful teething problems could be resolved soon.

Malaysian Employers Federation executive director Datuk Shamsuddin Bardan felt the SST Act was rushed through in Parliament, which led to little time in understanding its mechanism.

There should be a longer “gestation period” given to businesses, he said.

“If businesses and stakeholders are given up to Jan 1 next year, then there will be enough time to clarify and consult with the MOF (Finance Ministry) and Customs Department.”

Shamsuddin said businesses were also confused with the list of items exempted from the SST.

Most of them, he said, found out about the taxed items through social media.

“Is there a final list of items? We understand that there will be further revision on the list so it is difficult,” he added.

Negri Sembilan Chinese Chamber of Commerce and Industry chairman Datuk Loo Hei Tyng felt that the Customs Department should organise more educational programmes on SST, as many were still unclear about the workings of the new tax regime.

“The authorities may have organised sessions to explain how it is supposed to work but many businesses are still groping in the dark,” said Loo, who is also the Associated Chinese Chambers of Commerce and Industry vice-president.

Citing an example, he said some members who imported manufacturing or building material were still unclear if they were allowed to claim a refund after having paid SST at the country’s entry point.

“These businesses are merely trading houses and not end users. Since they only import the items and sell it to factories and other businesses here, are they eligible for a refund?” he asked.

A lorry transport company owner said he had no clue how the SST would affect his business.

“We had stocked up on truck tyres, lubricants as well as parts during the tax holiday period as we anticipate some teething problems during the early days of the SST.

“In fact, we have no idea how much new trucks, which are shipped in CKD (completely knocked down) form, are going to cost after being assembled here,” said the manager whose company owns a fleet of trucks.

Checks at outlets selling electronic appliances proved otherwise.

One dealer said although the SST has been introduced, they would still be selling their remaining stock based on the old price.

“We will only be getting our new stock and price list in the middle of the month.

“So until then, we will charge the old price,” said one dealer who declined to be named.

Small and Medium Enterprises Association Malaysia (Samenta) national secretary Yeoh Seng Hooi said the government should give some leeway in the implementation and enforcement of SST, especially towards manufacturers who sell to trading companies.

“The increase in their selling price could be due to cost factors such as the weakening ringgit. Do not assume it is due to profiteering and then crack down on SMEs based on one consumer’s complaint.

“It is very tedious and time-consuming for SMEs that have limited resources to dig up supporting documents to justify it,” he said.

Johor Indian Business Association president P. Sivakumar said that guidelines on SST should be simplified unlike the GST, which were too complicated for most people.

At the same time, traders should not take advantage of the confusion by charging SST on items, which are exempted as their action could upset the whole system, he said.

Malaysian Muslim Restaurant Owners Association president Ayooob Khan said the consumers too were confused when it comes to restaurants that charge SST.

Under the SST, eateries that make RM1.5mil and above annually will be subject to SST.

Ayooob proposed that only eateries that earned more than RM3mil annually be charged SST.