

KEEP RECEIPTS, MONITOR PRICE CHANGES, CONSUMER GROUPS TELL PUBLIC

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SST

'KEEP RECEIPTS AS EVIDENCE'

They allow for monitoring of price changes, say consumer groups

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CONSUMER groups have advised the public to keep receipts of purchases to monitor any significant changes in prices when the Sales and Services Tax (SST) is reintroduced.

This is also to help them in case they need to seek redress.

Federation of Malaysian Consumers Associations (Fomca) deputy president Mohd Yusof Abdul Rahman said receipts would serve as evidence if there were profiteering cases.

"Consumers can lodge complaints with the Domestic Trade, Cooperatives and Consumerism Ministry with the evidence they have. This is about consumers taking charge. They must keep the receipts.

"Most of the time, when complaints are forwarded to consumer groups, it is difficult for us to take action without evidence. Keeping receipts and submitting them to us would be a good way for action to be taken," Yusof told the *New Straits Times*.

He said the onus was on the government to reassure the people about SST, and prevent any

drastic changes in prices of goods and services.

"If people find that the cost of living is high despite promises made by the government before they were voted in, then it wouldn't be right and they can make their voices heard."

Finance Minister Lim Guan Eng announced on Monday that the SST rate would be set at 10 per cent for sales and six per cent for services. He said a bill would be tabled in Parliament next month that would pave the way for SST to come into effect from Sept 1.

He explained how reintroducing SST would not burden the people, and that it allowed the government to "return" RM23 billion to the people. This, he said, was because the government was expected to collect only RM21 billion in revenue as compared with the projected RM44 billion under the Goods and Services Tax (GST).

The announcement was met with mixed views by economists.

Consumer Association of Penang (CAP) research officer Uma Ramaswamy said consumers must be proactive if they wanted to protect themselves from exorbitant price hikes.

"Consumers are more aware of their rights now, so they should take it upon themselves to check prices. They need to be like investigators and keep any evi-

dence of profiteering. Keeping receipts will help," she said.

The NST tried to get answers to questions that lingered since Lim mentioned SST in passing on Monday, including which items would be exempted and how the government was planning on keeping profiteering at bay.

However, Lim's cabinet colleagues that this newspaper spoke to said they were not able to shed much light on SST, which Lim said would be tweaked before being tabled in Parliament.

Youth and Sports Minister Syed Saddiq Syed Abdul Rahman said any queries on the reintroduction of SST should be directed at ministers only after they had been briefed on it.

"It's best to wait for the official statement by the finance minister (on the details of SST). We (cabinet members) will wait until the meeting is held," he said at the Parliament lobby.

Syed Saddiq said on his part, he would engage youth to explain the tax once more information on it was available.

Deputy Domestic Trade, Cooperatives and Consumerism Minister Chong Chieng Jen said he would not expect the introduction of any new mechanism or legislation to control wholesalers and traders from abusing their profit margins.

Lim had said that SST would be applied only at the manufactur-

ing level.

"We have the Price Control and Anti-Profiteering Act 2011.

"It is impossible to impose laws to control profit margin on every business or item. I don't think it is good for the economy," said Chong.

The Domestic Trade, Cooperatives and Consumerism Ministry could not commit to questions on possible challenges and ways to address them.

Experts and tax consultants shared their views on the best ways to keep prices low when SST comes into effect, as well as items that might be affected by it.

Sunway University Business School's Professor Dr Yeah Kim Leng said an active consumerism watchdog and enforcement must be in place to keep prices low.

Ernst & Young Tax Consultants Sdn Bhd indirect tax leader partner Yeoh Cheng Guan said while the impact of the tax mechanism could not be determined yet, it would depend on whether the government would maintain the previous SST mechanism.

"Based on the broad understanding of the previous SST, the sales tax may be chargeable on certain classes of goods, such as fruits, certain food items, timber, building materials, liquor and alcoholic drinks, cigarettes and tobacco products and other goods not specifically exempted.

"Goods that may be exempted include exports, livestock and certain essential food items, medical and educational equipment, and certain primary commodities, such as cocoa, rubber and their related products."

Yeah said services that came under the tax could include lodging, food and beverages, function space, other related goods and services, parking spaces, recreational services, golf courses, insurance, communication, clearing goods from customs control, credit card and professional/consultancy/management services.

Parking spaces, courier services, repair or maintenance services, security services and employment services, consultancy, car rental and advertising were also part of the SST list in the past.

Deloitte Malaysia Financial Services industry indirect tax leader Senturan Elalingam said GST had a self-policing mechanism through the use of tax invoices and availability for businesses to claim credits by obtaining them.

"SST does not have this and only applies at a single stage.

"It can be open to abuse as businesses could either under-declare the value of sales or not report sales, which will result in a loss of tax revenue." **Additional reporting by Masriwanie Muhamading**



Mohd Yusof Abdul Rahman



Professor Dr Yeah Kim Leng