

A Study on the Expected Impact of Goods & Service Tax (GST) on Commercial Properties

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ABSTRACT

Most people do not like to pay taxes. The Goods and Services Tax (GST) is becoming one of the most famous and well-known topics in Malaysia. The announcement by the Malaysian Ministry of Finance (MOF) in the Budget 2010 on the implementation of GST had created different reactions from academicians, practitioners, general public, construction industry and most important businesses. GST is one of the tools that are proposed by the Government to reduce continuous deficit budget in Malaysia. Hence, GST as a new tax reform in Malaysia, and covers several issues in order to enhance the understanding and readiness among Malaysian in adopting GST.

Goods and Services Tax (GST) is known as Value Added Tax (VAT). The replacement of Sales and Service Tax that has been used for about 160 countries in the world and only around 41 countries in the world that has not started to implement GST or VAT. GST is the form of indirect tax because the tax collection from the government is not directly obtained from the taxpayers. The consumers are going to pay the taxes to the government through the sellers. Since Malaysia is going to implement it in 2015, the main objectives are to gain more national revenue and cover the debt deficit. Government still does not know to what extent the implementation of the GST able to achieve the objectives. The purpose of this study is to identify whether GST can affect on Commercial Properties in Malaysia and get some opinion/perception from the consumers on how they look on this GST implementation in Malaysia. It is important that Economists need to predict the upcoming consequences that might happen to the economy after the implementation on GST. Hence, future researchers need to extend the period of the data in order to get more precise result.

Various parties including professionals, and academic and the society (the potential GST payers) are arguing about the introduction of GST in Malaysia. Goods and Services Tax (GST) or Value Added Tax (VAT) is a consumption tax imposed on the sale of goods and services. The Malaysian government introduce this potential tax mechanism, in order to increase the existing tax bracket and replacing the long-implemented service and sales taxes (SST). With the introduction of GST, the Malaysian government felt it would provide them with the prospect to reduce the rates of individual and corporate income tax. However, do all consumers particularly ready to accept the systems well? If they could accept the system, how much is their knowledge about GST and are they well-known about it? The data was collected through questionnaire from whole consumers throughout Malaysia, Selangor area.