

GST has not helped, says SMEs association

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PETALING JAYA — Small and medium enterprises (SME) have seen their income fall by at least 20 per cent since the implementation of the Goods and Services Tax (GST), the SME Association of Malaysia said.

Its president, Datuk Michael Kang, said although the decline was due to several factors, such as the freeze on foreign labour in February, GST had compounded the situation.

“The exchange rate of the ringgit has dropped, making imports less profitable. Recent issues with foreign workers have

also hit smaller businesses hard. They cannot cope,” he said.

“It has been especially acute over the last six months as consumers understand the price of good is much higher and have cut down their spending significantly.”

Finance Minister II Datuk Johari Abdul Ghani had denied on Saturday that GST had been implemented at the expense of consumers and businesses.

“If people say we are collecting additional tax from the rakyat, the answer is no,” he said.

“You must analyse the figures. The imported goods in this country are a lot. For most of these goods, the government is supposed to collect (Sales and Service Tax) but it was not reported to us (in the past).”

Johari also said GST had streamlined tax collection and the government had been

able to collect a far greater percentage of the tax owed to it.

He said tax collection on imported goods had risen by 150 per cent as businesses could no longer avoid paying the tax.

Kang said the poor sales and loss of income affected all sectors across the board, with many small businesses coming under intense financial pressure.

“It is not confined to one sector, everyone from cottage industries to restaurants are feeling the pinch. They had to lay off staff and cut back on the variety of goods they offer,” he said.

On Thursday, the Associated Chinese Chambers of Commerce and Industry of Malaysia released its 2016 taxation survey report that found GST had increased costs for small businesses.

The report also found 58 per cent of

respondents had reported problems with cash flow and 79 per cent of those whose applications for refunds were rejected claimed they did not know why their requests were not approved.

Kang said the reason for high rejections was partly because of a lack of awareness of what documentation was needed to make claims.

“There had been a lot of confusion during the implementation of the tax last year. A lot of procedures and paperwork were not clear and some business owners may not understand how to make claims,” he said.

“I have asked the Customs Department to open a special counter at their offices for a month to help sort out issues faced by them.”

He said the department had agreed in principle to his suggestion.