

Headline	` SST hike will have spillover effect `		
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'SST hike will have spillover effect'

Wee: Rising prices will affect lower income group

KUALA LUMPUR: Ayer Hitam MP Datuk Seri Dr Wee Ka Siong (pic) has again urged the government to exempt electricity from the Sales and Service Tax (SST) hike.

The MCA president said the exemption should be across all sectors and without any threshold.

This comes after the Finance Ministry announced that an 8% SST charge will be imposed for electricity usage of more than 600kWh per month effective today.

Water has however been exempted from the increase to 8%.

"My plea is to not increase the SST. While the lower income group may not be affected directly, they will experience the spillover whenever tax rates go up," he told a press conference at the Parliament media centre here yesterday.

He said electricity rates were also raised last year, with the SST increase for electricity usage of more than 600kWh per month



beginning today, being another hike.

In July last year, it was also announced that those who used more than 1,500kWh or bills that exceeded RM708 a month would be subjected to a surcharge of 10sen/kWh.

Dr Wee said businesses would be further burdened by the 2% SST increase, adding that it could ultimately see increasing prices of goods to retain profit margins.

"In the long run ... cost of production increases, which will eventually be passed down for consumers to bear," he said.

Dr Wee added that electricity should be fully exempted from the tax hike, as it was also an essential just like water.

"At least, exempt the tax hike for electricity across the board. Retain it at 6% so we don't see another wave of price increases," he added.

From today, the SST rate for most services, including overseas-based digital services, will increase from 6% to 8%.

Currently, only food and beverage, telecommunications and vehicle parking services have been given exemption from the tax hike.

Previously, Dr Wee also led calls for Traditional and Complementary Medicine (T&CM) to be exempted from the SST.

This saw the Finance Ministry reversing the decision to tax the sector after weighing the responses from various parties, including T&CM practitioners.

Homoeopathy, chiropractic, osteopathy and Islamic practice of medicine were also exempted from the SST.