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Madius on SST in the power billing

KUALA LUMPUR: Implementation of Sales and Service Tax (SST) on electricity bills is a statutory necessity mandated by the Finance Ministry, according to Sabah Electricity Sdn Bhd (SESB) Chairman Datuk Seri Wilfred Madius Tangau.

Sabah's power utility, like many other service and utility companies, has received criticism from some customers since the SST increased from six to eight per cent effective March 1.

The rise affects household users whose electricity bills surpass 600 kWh, or RM203.

Tangau believes consumers understand that SESB is simply collecting SST on behalf of the Customs Department.

"The SST is set by the government and SESB is required by law to collect the SST on behalf of the Customs Department. Otherwise, we can face legal action," Tangau said.

"SESB does not pocket the monies collected," he said, stressing that customers with consumption below 600kWh were exempt from paying the SST.

Section 29 of the Service Tax Act 2018

dictates that entities that are taxed must collect the SST from their customers.

Last week, SESB Chief Executive Mohd Yaakob Jaafar had said the eight per cent SST would be imposed on electricity usage above 600kWh or monthly bills that are RM203 and above.

The increase is expected to affect 95,982 account holders or 16.72 per cent of SESB's customers.

The amount of SST paid will be reflected in the bill of residential customers.