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Notes from the edge of the tax bracket

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If there's money to be made, someone will exploit it



by ZB OTHMAN

A NEW Hainanese kopitiam just opened in the neighbourhood, and the Second Breakfast Club checked it out yesterday.

Opening day was July 1, which coincides with "national new tax day" — if you pardon the expression — and we thought it would serve as a barometer for how the expanded Sales and Service Tax (SST) regime would affect us.

The bill came to RM45.35, which included a service tax of RM2.35, on top of the restaurant's 10% service tax (RM3.91).

Well, I thought to myself, that wasn't too bad. Not too bad at all.

But then I remembered that we, Malaysians, are about to see the cost of nuggets increase. Starting now.

Tenaga Nasional Bhd (TNB) is raising its base tariff by 14% and that is going to happen in a couple of days.

Landlords will have to charge 6% on rentals and that is a new tax under the SST expansion. And that is not claimable. It's a Sales Tax.

The government's newly expanded SST now means that services like security, cleaning and others will increase in cost because they have to add at least 6% tax on them.

The boys in Putrajaya are selling this expanded SST as part of



Source: Media Mulla

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the government's reform efforts. On one level, that would be good, because this government's actual reforms have been rarer than hens' teeth.

The same boys are estimating that they will be able to squeeze some RM3 billion-RM10 billion out of us, which, in these trying times, will be more challenging than squeezing water from stone.

But as a healthy cynic, whenever they say reform, I see myself paying more for everything.

It's not much when they impose tax on new things, sure, just a few sen here a few sen there.

Influencers, government ministers and makeup multi-level

marketing (MLMs) participants would not feel anything, but it is death by a thousand cuts for the rest of us.

Look, we get that the government needs money from somewhere, and seeing Malaysia's low tax-to-GDP ratio — about 11.8 % compared to Thailand's 16% and Vietnam's 19% — it looks like an easy money lode.

And yes, we need new taxes for when the oil revenue dries up.

But some of these new taxes just feel wrong.

And if you believe the government ministers' assurance that it won't affect you, I have an apartment in Tel Aviv to sell you.

If there's money to be made, someone will exploit it. Some people are already longing for the Goods and Services Tax (GST) to come back, warts and all.

Well, at least it was under the GST that everyone had to pay. The economists told me it was broad-based, efficient and allowed the government to put a finger on what everybody was doing.

But that boat has sailed, and we now have the SST (expanded).

The current administration has signalled that more tax changes are coming, including new luxury taxes and further subsidy rationalisation.

But as these things go, there

is not enough information about what they actually are and we are left on tenterhooks wondering how we may — or may not — be affected.

Maybe we don't need higher taxes but just need to spread it around a little.

The government could, for example, formulate a comprehensive, politically-proven plan that transcends government changeovers.

Perhaps we could reintroduce the GST, but with better implementation and planning.

We, the people, are not resistant to reform, but the government must engage us.

What people don't like is uncertainty and feeling like they are being asked to pay more without any information on why or when.

If you need to phase out subsidies and other unpopular fiscal moves, make it clear that is what you need to do.

Don't plan to introduce real, well-thought-out measures only to pull them back due to public outcry.

If you need to reform, have the brass to carry it through. Political or fiscal.

After the meal at the kopitiam, Apai said:

"I don't understand all this tax mathematics. GST no GST, SST no SST — all make me headache *la*."

"If I have less money today because I am paying more than yesterday, that's how I know it's bad. Easy."

"Wait, end of the month *la*, then I'll see my bank balance, I'll tell you."



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