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Electricity GST cap may rise

Govt mulls change in limit to lift financial burden off more M'sians

By YUEN MEIKENG

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KUALA LUMPUR: The Government will consider raising the amount of electricity usage to be exempted from the Goods and Services Tax (GST) so that fewer consumers will be burdened.

The Finance Ministry's GST adviser Datuk Kamariah Hussain said only consumers who used more than 200kWh of electricity a month would be taxed under the GST for their power usage.

Those who use 200kWh and below per month will not be charged the GST. A usage of 200kWh of electricity translates into a RM50 bill per month.

"However, we will study if we can raise the limit from 200kWh to 300kWh," she said during a briefing on the implementation of the GST at Wisma MCA here yesterday.

The event was organised by the MCA Young Professionals Bureau and the Institute of Strategic Analysis

and Policy Research.

During the briefing, a participant as well as bureau chairman Datuk Chua Tee Yong proposed that the Government increase the amount that could be exempted from GST.

"We hope that the ministry will raise it to 300kWh so that 70% of domestic users – or four million consumers – will be exempted from the GST," Chua said.

Kamariah said the GST, when implemented in April 2015, would have to be paid on top of the electricity tariff hike by TNB to be effective Jan 1 next year.

On another matter, she said the Government would provide RM150mil to subsidise the accounting software, to be installed by small and medium-sized enterprises, which would impose the GST.

Asked how long the GST would remain at 6%, she said the

Government had yet to fix a time limit.

Royal Malaysian Customs Department internal tax division director T. Subromaniam said 200,000 companies earning above RM500,000 yearly were expected to sign up for the GST.

Under the GST, businesses with an annual turnover of RM500,000 and above will have to charge consumers the 6% GST for their products and services.

During the event, a member of the audience also proposed that the 10% service charge imposed by fast food restaurant operators be abolished.

"I take my own plate to my table and I even have to walk to the counter to get chilli sauce. So what kind of service do we get?" he said.

However, Kamariah pointed out that the service charge was not part of the GST but imposed by the operators themselves.