

Gov't: Diners can choose not to pay service charge

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Effective today restaurants and hotels without a collective agreement between employers and employees are not allowed to impose service charges.

Ministry of Domestic Trade, Cooperative and Consumerism (KPDNKK) secretary-general, Alias Ahmad, said restaurants are required to display a notice if they want to impose service charges.

The service provider must explain the reason for imposing a service charge to the customer because the charge, which is an international practice, is beyond any control and bound between the customer and service provider, he said.

"It is the right of customers to decide not to pay service charges and there is no prescribed service charge rates," he said in a press conference with the Royal Malaysian Customs Department concerning the Goods and Services Tax (GST) today.

Alias said a working group had been formed comprising KPDNKK, the Ministry of Finance and the Ministry of Human Resources and was working with the unions and associations of hotels to examine and review the issue.

"To date, there is no regulatory body or special ruling governing the collection of service charges thus the government is facing constraints in resolving the issue. Hence, I issued this directive today," he said.

In the event of any breach of the directive, consumers are required to report to the KPDNKK and the complaint will be investigated, he said.

- Bernama

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