

## **Gov't: GST doesn't hurt mobile prepaid sellers**

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**By Anne Muhammad**

Small retailers have stopped selling mobile prepaid cards claiming the good and services tax is eating into their margins but the government says their profit should remain the same.

Customs Department GST department director T Subromaniam said the government collects the GST from telecommunications firms, and this is not passed on along the distribution chain.

“Consumers will lose out, the GST on mobile prepaid cards is collected upfront (so) no matter where the consumers buy the cards, be it at a GST-registered shop or not, the price is the same,” he told reporters at Putrajaya today.

However, small retailers and distributors of the cards told Malaysiakini their margins have shrunk after the tax because the telecommunications companies raised the cost price of the cards after GST.

This makes the sale unfeasible, leading to a shortage of the cards mostly used by the lower to middle income groups.

Earlier, retailers make one percent margin on the cards while distributors make two percent profit. This is equivalent to 10 sen and 20 sen for a card with RM10 credit.

But they are in a bind after GST as they cannot claim the extra six percent passed on by telcos from the government as input cost, nor pass it on to consumers as their revenues are too small to be a GST-registered business.

The government before April 1 said the price of mobile prepaid cards because the GST is introduced at the same rate as the six percent service tax earlier levied on the cards.

However, instead of replacing the service tax with GST, the telcos added the savings from the abolition of the service tax to their profits.

The GST was charged on top of it bumping retail prices by six percent.

Following outcry, the telcos promised to add six percent airtime and text message credit to the cards.

Meanwhile Domestic Trade, Consumerism and Cooperatives Ministry director-general Alias Ahmad said complaints over mobile prepaid cards have gone down.

About half of the complaints on April 1, when GST was implemented, was on the prepai

cards.

He says complaints are now mostly on cost of meals at restaurants, baby formula milk and children's disposable diapers.

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