

## **GST gave telcos RM64mil on prepaid top-ups**

**MalaysiaKini.com**

**May 6, 2015**

Telecommunications company operators made RM64 million in profit by charging an additional 60 sen as goods and services tax (GST) for RM10 prepaid top-ups, a DAP lawmaker claims.

"The telecommunications companies have already enjoyed a full month of honeymoon when they were able to increase their profit margins by six percent in April, using the GST implementation as an excuse.

"Based on last year's revenues, they have already collected an additional profit margin of RM64 million, which is sufficient to compensate for any minor readjustment to their computer systems they needed to perform," DAP national publicity chief Tony Pua said.

Pua used the pre-tax profits of three major telecommunications networks last year for his calculations.

Pua said Maxis, Digi and Celcom made pre-tax profits of RM2.44 billion, RM2.65 billion and RM3.1 billion respectively in 2014.

"In total, they collected RM12.8 billion in revenue from prepaid mobile services for the year," he said.

Previously, these companies absorbed the six percent services tax into the cost of prepaid cards, but they began charging an additional 60 sen for RM10 top-ups when the GST came into force.

"In the past, these telecommunications companies were able to make billions of ringgit in profit by offering RM10 worth of prepaid credit for RM10 while absorbing the then six percent service tax.

"Hence the replacement of the old six percent service tax with the new six percent GST should not in anyway affect the cost or profitability of these companies.

"Therefore, there is no reason at all for the government to offer these companies any exemption from fulfilling their tax obligations while maintaining the existing prices," Pua added.

He cautioned that the telecommunications companies risked running foul of the Anti-Profitteering Act if they charged an additional 60 sen as GST for the sale of top-ups.

After much public outrage, Communications and Multimedia Minister Ahmad Shabery Cheek on Monday ordered that top-up prices to be reverted to the pre-GST prices, and that the same amount of credit be offered to users as soon as possible.

Copyright © 1999-2012 Mkini Dotcom Sdn. Bhd  
Source : <http://www.malaysiakini.com/news/297361>