

## **GST for prepaid cards to stay, says gov't**

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Goods and Services Tax will be charged on mobile prepaid cards, but it will be "usage-based".

This means that although the price of the cards will revert back to pre-GST prices, the credit value will be reduced.

For example, a card costing RM10 before GST will still be sold for RM10, but the value will be lower because six percent tax will be charged on top of each call and text message.

"GST will be charged on the value of the prepaid cards, meaning it is usage-based.

"The government believes this is more reasonable given that the government no longer levies service tax," Communications and Multimedia Minister Ahmad Shabery Cheek said.

Shabery said even though users will be charged GST, this will be returned to them in improved infrastructure and services.

"It's a win-win for all parties," he said at a press conference in Putrajaya today.

"The government collects GST and returns it to the people, while the telecommunications companies have an obligation to ensure infrastructure development so the government can provide more services."

### **'No point being cheap without 3G'**

He said there is no point having cheap services and products of low quality.

"What is the point of having it cheap but calls keep dropping and there is no 3G to the extent of not being able to use WhatsApp?" he asked.

The new solution will be put into place in the next six months.

The government also apologised for the confusion over the matter prior to this due to conflicting government statements.

The Customs Department earlier instructed all telcos to revert the price of prepaid cards to pre-GST prices by May 1 or face action.

However, the Communications and Multimedia Commission said this is impossible because it requires reconfiguration of complicated systems.

Consumers were up in arms when they found the price of prepaid cards had gone up with the introduction of the GST on April 1.

The government had prior to that said prepaid card prices will remain the same because GST is introduced at the same rate as the abolished service tax.

However, instead of replacing the service tax component with the GST, the telcos incorporated the service tax component into their profits with GST charged on top of that.

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