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# 40 items GST-free

**K**UALA LUMPUR: Some 40 items, mostly essential consumables and commodities, will be free of the planned Goods and Services Tax (GST) which comes into force next year, Finance Minister II Datuk Seri Ahmad Husni Mohamad Hanadzlah said yesterday.

"Roughly 40 items will be zero-rated or exempted (from GST). The Malaysian GST model is being carefully formulated, taking into account the interests of the population at large, especially the low-income group," he said.

When an item is zero-rated, the GST rate is 0%. However, unlike exemptions, the producer can claim the GST paid on inputs in the production of that item, like

overheads and raw material costs.

Ahmad Husni said essential foodstuff, residential accommodation, healthcare, water and electricity would be GST-free.

However, such exemptions would not be unlimited, but capped at a certain level.

Ahmad Husni, who opened the National Conference on GST yesterday, said besides the exemptions, methods such as anti-profiteering laws will protect the public from unscrupulous parties attempting to take advantage of the imposition of the GST, which is set at 4% (**see also page 12**).

The GST is being introduced as part of plans to bring Malaysia up to speed with Asean nations and developed nations. "More than 140 countries have successfully implemented either GST or Value Added Tax (VAT). Among the Asean countries, only

Brunei, Malaysia and Myanmar have not implemented these taxes," said Ahmad Husni.

During the conference, Customs' GST unit head Paddy Abdul Halim outlined the items that would be exempted or given a zero-rating. The zero-rated supplies include:

- » **agricultural** products, such as padi and fresh vegetables;
- » **foodstuffs** such as rice, sugar, table salt, plain flour and cooking oil;
- » **livestock** supplies such as live animals, fresh or frozen meat of cattle and swine;
- » **live** and unprocessed poultry, fresh and frozen meat of chicken and duck;
- » **fresh** and salted eggs and fish;
- » **the supply** of the first 200 units of electricity to domestic users; and
- » **the supply** of the first 35 cubic metres of water to domestic users; and

The supplies and services exempted from GST include:

- » **public** transportation systems, such as KTM, LRT, ERL and monorail services;
- » **ship**, boat, ferry, express bus, stage bus, workers bus, school bus and feeder bus;
- » **tolli** highways;
- » **residential** property;
- » **land** for agricultural purposes;
- » **general** use land such as government buildings and burial grounds; and
- » **private** healthcare and education.