

High value tax from May

5%-10% surcharge likely, no plans to revive GST, says Anwar

KUALA LUMPUR: The luxury goods tax, now named the High Value Goods Tax (HVGT), will start in May next year, says Datuk Seri Anwar Ibrahim.

“At this juncture, the Finance Ministry is finalising the policy and legal aspects of taxing high value goods,” the Prime Minister said in a written parliamentary reply dated Nov 1.

The policy had taken into account feedback from various stakeholders in engagements through the Finance Ministry and the Customs Department.

During the tabling of Budget 2024 on Oct 13, Anwar announced that the government would introduce HVGT for luxury items at a rate of between 5% and 10%.

First tabled in the revised

Budget 2023 in February, Anwar, who is also Finance Minister, said the move was to broaden the tax base by taxing those who had the means.

He was responding to a question by Chong Zhemín (PH-Kampar) on when the tax would be implemented and its mechanism.

The Star recently reported that HVGT is expected to be imposed on big-ticket items such as private jets, yachts, jewellery and luxury cars, according to informed officials.

It was also learnt there will also be thresholds for these items to be taxed, such as only cars sold above RM200,000, watches priced more than RM20,000 and jewellery worth RM10,000 and above.

The items and the thresholds

were listed in a guideline provided by the Finance Ministry for the industries to give their feedback.

On the Goods and Services Tax (GST), Anwar said there were no plans to plans yet to revive it.

“Any changes to tax policy will have to take into account the impacts on the economy and cost of living of the people,” he said in a written parliamentary reply also dated Nov 1.

“The government will continue to monitor the current economic condition and consider fiscal measures which are suitable with the short and medium terms.”

He was responding to Datuk Dr Zulkafperi Hanafi (PN-Tanjung Karang) who asked whether the government had plans to reintroduce the GST.

There have been renewed calls for the controversial tax to be brought back.

On Sept 11, Economy Minister Rafizi Ramli said reviving the GST still remained an option.

However, when announcing Budget 2024 on Oct 13, Anwar instead said the government planned to raise the sales and services tax (SST).

The service tax was raised from 6% to 8% but would not include services such as food and beverage, and telecommunications.

A 6% GST was introduced in 2015 - when Datuk Seri Najib Razak was the then prime minister - but it was abolished by the former Pakatan Harapan government and replaced with the current SST in 2018.