

'Losses will impact rakyat'

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PM: Expanded SST deferral puts fiscal stability at risk

THE nation's fiscal stability will be jeopardised if the proposed expansion of the Sales and Service Tax (SST) is deferred, said Datuk Seri Anwar Ibrahim.

The Prime Minister said such a move would result in the government missing its revenue target and impacting its ability to discharge its responsibilities towards the rakyat.

"The revision of the sales tax rate and the expansion of the SST scope, which took effect on July 1, is expected to generate additional revenue of RM5bil over the six months of 2025 and RM10bil in 2026," he said in a written parliamentary reply to a question raised by Lim Guan Eng (PN-Bagan) in Dewan Rakyat.

Lim asked whether the SST expansion could be deferred in light of the United States tariffs and the current economic slowdown.

Anwar, who is also Finance Minister, reaffirmed the government's commitment to strengthen the nation's fiscal position through tax reforms.

He said this was crucial in ensuring sustainable revenue to support development and social programmes, despite growing public concern over the rising cost of living.

He also added that several measures are in place to cushion the impact of SST on people and businesses.

Among them was the RM13bil

allocation for STR/SARA (Sumbangan Tunai Rahmah/Sumbangan Asas Rahmah) cash aid programmes, up from RM10bil compared to 2024.

Also increased was the allocation for the Education Ministry from RM59bil last year to RM64bil in 2025, while the allocation for the Health Ministry was also increased from RM41bil to RM45bil, which would help in the hiring of contract doctors.

He also said that service tax exemptions will be granted to tenants classified as small and medium enterprises (MSMEs) with annual sales of less than RM1mil.

For construction service providers, he said the threshold for

service tax compliance has been increased from RM500,000 to RM1.5mil over 12 months to ease the compliance burden on smaller contractors.

This same threshold applies to small-scale private healthcare clinics to protect them from undue tax pressures.

On the breakdown of the additional tax revenue, particularly those borne by locals and foreigners as requested by Lim, Anwar said this cannot be done as it is impossible to accurately determine the breakdown because the national revenue collection system does not categorise contributions based on the taxpayer's citizenship.