

**Lower car prices when GST kicks in, say Customs – Bernama
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Vehicle prices will generally be lower from April 1 with the implementation of the goods and services tax (GST), said director-general of Customs Datuk Seri Khazali Ahmad.

He said the GST was 6% while the current vehicle sales tax was 10%. The vehicle sales tax will be abolished on April 1.

Khazali told Bernama the doubt over whether the prices would rise or drop came from the confusion among car dealers as to how they were going to dispose of the vehicles for which they had already paid the 10% vehicle sales tax.

"Customs will reimburse the dealers the 10% tax once they produce documented proof that they have paid the tax but had yet to sell the vehicle as of March 31," he said.

Kuala Lumpur and Selangor Car Dealers and Credit Companies Association president Khoo Kah Jin said he did not expect a significant drop in vehicle prices as the difference was likely to be offset by the prices of imported vehicle components due to the higher exchange rate.

"The vehicle prices will go down by between 2% and 3% with the GST," he said.

"However, the prices may increase slightly depending on the foreign exchange rate because most vehicle components are imported, for example from the United States, Europe and Japan," he said.

Khoo said used car prices would also be subject to GST but these prices would be placed under the margin scheme to avoid double taxation.

"Buyers (of used cars) will not be affected by the prices as the GST will be imposed only on the dealers based on the profit from a sale.

"For example, if a used car dealer buys a car from a individual for RM30,000 and sells it to another for RM60,000, the GST will be imposed on the RM30,000 profit," he added. – Bernama, March 22, 2015.

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