

Telcos' GST For Pre-paid Reload Cards Stays But Customers Will Get Freebies
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PUTRAJAYA, April 2 (Bernama) -- Telecommunication companies (telcos) will continue to impose the six per cent Goods and Services Tax (GST) on pre-paid reload cards but at the same time offer "talk-time" credit and short-messaging service (SMS) valued at over RM1 to customers.

Customs Department (JKDM) GST Division director Datuk T. Subromaniam said the decision was arrived at via discussions between the chief executives of telcos, JKDM and the Domestic Trade, Cooperatives and Consumerism Ministry (KPDNKK) this morning.

"The temporary agreement comes into force today and will go on for a three-month period before further discussions are conducted on whether to continue or review this.

"We wish to clarify that GST is imposed on the value of the prepaid card but the public is offered "talk-time" credit and SMS exceeding RM1," he told a media conference here, today.

Also present was KPDNKK secretary-general Datuk Seri Alias Ahmad.

"We actually have two choices, whether to retain the price of prepaid cards, for example RM10 (without GST) or at RM10.60 (with the tax absorbed for every card before the implementation of GST) but with "talk-time" exceeding the six per cent of the GST.

"So, the good news is, consumers will get extra credit which will be activated in the system, with a value rate exceeding RM1. This is our request to the telcos," he said.

To another question, Alias said the service charge to be imposed by hotels and restaurants is subject to GST, and until today the government had not taxed the service charge imposed by such outlets.

"It (service) exists on a collective agreement between the workers and hotel and restaurant employers. So, this is actually a universal issue following the discussions that we made with the unions in the sector, service charge has been practiced since 1948 worldwide," he said.

As such, Alias said KPDNKK had taken the initiative to study and see the issue which is at an early stage and would create a working group to discuss the matter.

"But not all restaurants are imposing the service charge. We are looking at the issue, whether we need to set up a guideline or regulations to guide the traders or employers on imposing service charge," he said.

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