

GST at 15,542 restaurants next year
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About 15,542 restaurants are expected to collect the goods and services tax (GST) when this is imposed from April 1 next year, more than three times the number that currently charge a service tax.

Deputy Finance Minister Ahmad Maslan told the Dewan Rakyat during Question Time that, under the GST scheme, any restaurant with annual sales turnover exceeding RM500,000 must collect the tax.

In contrast, only restaurants with annual sales of RM3 million or more - or 4,357 premises currently - can impose the service tax.

Ahmad later told reporters that this will not mean that food and beverage prices will go up sharply in restaurants when the GST - set at six percent - takes effect.

"If you expect prices to rise six percent, that's not correct. (It will go up by) only 1 percent more, as the food items are already subjected to 5 percent service tax," he said.

He reiterated past government estimates that inflation, based on the consumer price index, would rise only 1.8 percent in first year of implementation.

An additional RM3.87bil via GST

The government expects to net an additional RM3.87 billion in tax revenue via the GST next year.

Ahmad said that although government expected to collect RM23.2 billion for first nine months of GST, there will be some giveaways.

The government will lose RM14.4 billion due to abolishment of SST, hand out RM2.49 billion through additional Bantuan Rakyat 1Malaysia (BR1M) and other aid, and another RM2.42 billion will be lost due to income tax rate cuts.

All these were promised in the last national budget presented last year by PM Najib.

Maslan also maintained that inflation rates will only "temporarily" rise after GST but prices will stabilise or go down after that.

He said that government's extra tax revenue will come instead from "the black economy", which refers to companies which either evade or under-declare their sales.

To further combat this problem, the government has also tasked some 55 companies to write GST accounting software for all companies.

These software may cost each company RM800 to RM2000 each.

However, the government was prepared to stump up RM150 million from now until April next year to subsidise the software requirement, mostly for small and medium enterprises.

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