

**Businessmen: We don't know how GST works**  
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Close to half of 345 businesspeople surveyed are ignorant about how the goods and services tax (GST) works, says a report released by the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) today.

The ACCCIM survey report titled 'The Economic Situation on Malaysia for 2nd half of 2013' says 47 percent out of the 345 respondents said they do not understand how the GST system works.

Forty-five percent of the respondents said they were not aware that registration for GST starts in October and that registration could be done online, the report says.

The survey conducted early this year also shows that 86 percent of the respondents said the six percent GST rate was too high, while 41 percent wanted a starting rate of three percent.

The business community also wants a "learning period" before any punitive action can be imposed. Forty-nine percent of the ACCCIM members opted for a two-year learning period for them to comply with the system, while 36 percent needed one year, the report says.

ACCCIM president Lim Kok Cheong believes that such an adaption period is needed, not only for the business community but also for government officers who are equally unfamiliar with the GST implementation.

The government has conducted numerous workshops to familiarise the business community with the GST, but the businesspeople on the ground would only realise the problems when the tax system starts, ACCCIM's socio-economic research committee deputy chairperson Peck Boon Soon said.

Despite Deputy Finance Minister Ahmad Maslan noting a slight increase of 1.8 percent in the Consumer Price Index (CPI) caused by GST, Peck said it could still cause a huge impact, and that the current CPI had already reached three percent.

However, he said, the business community does not have an overall picture of how the GST would impact the tax structure.

Ahmad Maslan had also claimed that the government handout of the BR1M aid and reduction of the income tax would offset the impact of the GST.

Economic in 2014: 64 percent pessimistic

However, said ACCCIM secretary-general Low Kian Chuan, the business community would have to wait until 2016, a year after the GST implementation, to enjoy a reduction in company tax.

As for the country's economic outlook for 2014, the report says 64 percent of the respondents are pessimistic about it while for the 2015 outlook, 60 percent of the respondents remain pessimistic.

This is a deterioration of the business community's outlook, for a survey conducted in the first

half of 2013 showed that only 43 percent of respondents said they were pessimistic about the economic outlook for 2014.

In the new survey, 52 percent of the respondents said government policies have affected their performance.

Low said the subsidies rationalisation, minimum wage and GST were the reasons why the business community had become more pessimistic.

The survey also shows that 87.5 percent of the respondents claimed they found it more and more difficult to survive. Sixty percent of them said they were able to pass the cost increments to consumers, while 40 percent said they were reluctant to do so.

Small- and medium-scale entrepreneurs dealing with less famous brands would be forced to absorb the cost increments, out of fear of losing out to their competitors, Low offered as an explanation as to why the 40 percent did not want to pass on the price hikes.

Dealers in the big brands could pass on the increment costs to consumers because these consumers have earned confidence in the brands, he said.

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