GST is a consumption tax levied on goods and services at all levels of businesses. The consumer is taxed only when they spend. GST will replace the Sales and Service Tax (SST).

It is aimed to streamline the country’s tax system to be more effective, efficient, transparent and business-friendly. GST was first implemented in France as early as 1950s. Today, more than 160 countries have implemented. GST. Malaysia, Myanmar & Brunei are the only remaining countries in the ASEAN region which have not implemented GST.

**Why is GST being introduced?**
- It is a better and fairer tax system compared to SST. The following are some of the benefits of GST:
  - **REDUCE BUSINESS COSTS**: Under SST, the merchant is not able to claim the input tax fully. Nevertheless, with GST, the merchant will enjoy the benefit as they will be able to claim back the input tax over tax materials / goods and services paid at every level of the business. As a result, the operating costs can be reduced.
  - **IMPROVES COMPLIANCE**: GST involves a complicated tax administration system whilst GST has a ready mechanism which is more self-policing, thus improving compliance.
  - **REDUCES BUREAUCRACY**: The process is easier now with GST since the application for approval of exemption on tax materials is no longer required.
  - **PROVIDES SIMPLICITY**: The same GST rate applies for all businesses involved; be they manufacturing, wholesaling, retailing or servicing.
  - **MAKES PRODUCTS & SERVICES MORE AFFORDABLE TO CONSUMERS**: GST eliminates the cascading effect of tax under SST. As a result, consumers get to enjoy more affordable prices for most of the goods and services obtained compared to the SST.

**Ensures Transparency**: GST is more transparent compared to SST because consumers will be fully aware if goods purchased or services obtained are subjected to tax and the exact amount of tax payable.

**GST Rate and Threshold**
- GST rate: 6%
- GST Threshold: RM500,000

Businesses that do not reach an annual turnover of taxable supplies amounting to RM500,000 are not required to register under GST. However, voluntary registration is encouraged.

**Goods and Services not Subjected to GST**
- For socio-economic benefits, certain goods and services are not subjected to tax such as:
  - Basic groceries such as rice, flour, sugar and cooking oil
  - Purchase and rental of residential buildings
  - Sale and purchase of agricultural land
  - Education
  - Public transport
  - Healthcare services

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