

THE COMPLEXITY OF MALAYSIA'S GST:
EXPERIENCE OF TAX EXPERTS

BY

NAAILAH BINTI NUTMAN

A dissertation submitted in fulfillment of the requirement for
the degree of Master of Science (Accounting)

Kulliyyah of Economics and Management Sciences
International Islamic University Malaysia

FEBRUARY 2020

ABSTRACT

The Goods and Services Tax (GST) implementation in Malaysia had raised various responses from many parties involved when the new tax was introduced in 2015 until its abolishment in 2018. GST complexity has been stated as part of the reasons of its resistance and abolishment. The understanding on and the factors of GST complexity might be able to assist in reducing its complexity and improving future tax implementation in Malaysia. This study implemented semi-structured interview approach to study the experience of tax experts on the factors, issues and challenges, actions taken to mitigate the issues of GST complexity. The study also included the understanding of whether GST complexity was part of the reason for the GST abolishment. The findings revealed that most factors and issues of GST can be mitigated and resolved to reduce its complexity for businesses and tax authority, thus increasing GST compliance. GST complexity has also been revealed to not be the reason of GST abolishment according to tax experts' opinions.

خلاصة البحث

تنفيذ ضريبة السلع لقد أثار تطبيق ضريبة السلع والخدمات (GST) في ماليزيا العديد من الردود من العديد من الأطراف المعنية عندما تم تطبيق الضريبة الجديدة في عام 2015 حتى تم إلغاؤها في عام 2018. وقد ذكر أن تعقيد ضريبة السلع والخدمات كجزء من أسباب مقاومتها وإلغاؤها. لذا، فإن فهم عوامل تعقيد ضريبة السلع والخدمات قد تكون قادرة على المساعدة في الحد من تعقيدها وتحسين تنفيذ الضرائب في المستقبل في ماليزيا. نفذت هذه الدراسة مقابلة شبه مقننة لدراسة تجربة خبراء الضرائب في العوامل والقضايا والتحديات والإجراءات المتخذة لتخفيف قضايا تعقيد ضريبة السلع والخدمات. وشملت الدراسة أيضًا فهم ما إذا كان تعقيد ضريبة السلع والخدمات جزءًا من سبب إلغاء ضريبة السلع والخدمات. لقد كشفت النتائج أن معظم العوامل والقضايا من ضريبة السلع والخدمات يمكن تخفيفها وحلها للحد من تعقيدها للشركات والسلطة الضريبية، وبالتالي يؤدي إلى زيادة الامتثال ضريبة السلع والخدمات. كما تبين أن تعقيد ضريبة السلع والخدمات هو السبب في إلغاء ضريبة السلع والخدمات وفقًا لآراء خبراء الضرائب.

APPROVAL PAGE

I certify that I have supervised and read this study and that in my opinion, it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a thesis for the degree of Master of Science (Accounting)

.....
Salwa Hana Yussof
Supervisor

.....
Khadijah Mohd Isa
Co-Supervisor

I certify that I have read this study and that in my opinion, it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Master of Science (Accounting).

.....
Fatimah Mat Yasin
Examiner

.....
Norhayati Mohd Alwi
Examiner

This dissertation was submitted to the Department of Accounting and is accepted as a fulfilment of the requirement for the degree of Master of Science (Accounting).

.....
Zamzulaila Zakaria
Head, Department of Accounting

This dissertation was submitted to the Kulliyah of Economic and Management Sciences (KENMS) and is accepted as a fulfilment of the requirement for the degree of Master of Science (Accounting).

.....
Hassanuddeen Abd. Aziz
Dean, Kulliyah of Economic and
Management Sciences (KENMS)

DECLARATION

I hereby declare that this dissertation is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

Naailah binti Nutman

Signature

Date

INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

**DECLARATION OF COPYRIGHT AND AFFIRMATION
OF FAIR USE OF UNPUBLISHED RESEARCH**

**THE COMPLEXITY OF MALAYSIA'S GST: EXPERIENCE OF
TAX EXPERTS**

I declare that the copyright holder of this dissertation is International Islamic
University Malaysia.

Copyright © 2020 by Naailah binti Nutman and International Islamic University Malaysia. All rights
reserved

No part of this unpublished research may be reproduced, stored in a retrieval system, or
transmitted, in any form or by any means, electronic, mechanical, photocopying,
recording or otherwise without prior written permission of the copyright holder except
as provided below

1. Any material contained in or derived from this unpublished research may only
be used by others in their writing with due acknowledgement.
2. IIUM or its library will have the right to make and transmit copies (print or
electronic) for institutional and academic purposes.
3. The IIUM library will have the right to make, store in a retrieval system and
supply copies of this unpublished research if requested by other universities and
research libraries.

By signing this form, I acknowledged that I have read and understand the
IIUM Intellectual Property Right and Commercialization policy.

Affirmed by Naailah binti Nutman

.....
Signature

.....
Date

ACKNOWLEDGEMENT

All glory is due to Allah, the Almighty, whose Grace and Mercies have been with me throughout the duration of my programme. Although, it has been tasking, His Mercies and Blessings on me ease the herculean task of completing this thesis.

Firstly, it is my utmost pleasure to dedicate this work to my dear parents who granted me the gift of their unwavering belief in my ability to accomplish this goal, thank you for your support and patience.

I wish to express my appreciation and thanks to those who provided their time, effort and support for this project. To the members of my dissertation committee, thank you for sticking with me.

Finally, a very special thanks to Asst. Prof. Dr. Salwa Hana Mohd Yussof and Asst. Prof. Dr. Khadijah Mohd Isa for their continuous support, encouragement and leadership, in assisting me to complete my thesis and for that, I will be forever grateful.

TABLE OF CONTENTS

Abstract	ii
Abstract Arabic	iii
Approval Page.....	iv
Declaration.....	v
Copyright	vi
Acknowledgement	vii
Table Of Contents	viii
List of Tables	xi
List of Figures	xii
CHAPTER ONE INTRODUCTION	1
1.1 Introduction	1
1.2 Background Of The Study.....	1
1.3 Problem Statement	2
1.4 Motivation Of Study.....	3
1.5 Research Objectives	5
1.6 Research Questions	5
1.7 Significance Of Study	5
1.8 Organisation Of The Structure	6
1.9 Chapter Summary	7
CHAPTER TWO LITERATURE REVIEW	8
2.1 Introduction.....	8
2.2 Tax Systems In Malaysia	8
2.3 Goods And Services Tax (Gst)	9
2.3.1 Introduction to GST.....	9
2.3.2 Why GST Was Implemented as A Replacement to SST	11
2.3.3 The Perceptions Towards GST.....	14
2.3.3.1 Negative Perception	14
2.3.3.2 Positive Perception.....	15
2.4 Factors Contributing To Tax Complexity	16
2.4.1 Legal Complexity	17
2.4.2 Declarative Tax Complexity	19
2.5 Effects Of Tax Complexity	21
2.5.1 The Need for Tax Complexities	21
2.6 The Issues And Challenges Of Gst In Malaysia	22
2.7 Conclusion And Gap.....	24

2.8 Chapter Summary	25
CHAPTER THREE THEORETICAL FRAMEWORK	26
3.1 Introduction	26
3.2 Society Complexity	27
3.3 Market Complexity	28
3.4 Internal Correlated Complexity.....	28
3.5 Internal Autonomous Complexity	29
3.6 Complexity Framework.....	29
3.7 Summary Of Chapter	30
CHAPTER FOUR RESEARCH METHODOLOGY	31
4.1 Introduction	31
4.2 Research Design.....	31
4.3 Data Collection.....	33
4.3.1 Development of Interview Questions.....	34
4.3.2 The Interview Process	35
4.4 Data Analysis	35
4.5 Chapter Summary	36
CHAPTER FIVE FINDING AND DISCUSSIONS.....	38
5.1 Introduction.....	38
5.2 Factors Contributed to GST Complexity	38
5.2.1 GST Knowledge and Understanding.....	38
5.2.2 GST Refund.....	44
5.2.3 Impact of GST On Income Tax	45
5.3 Issues and Challenges Faced by Businesses In Malaysia	47
5.3.1 External – Society Complexity.....	47
5.3.1.1 Understanding of The GST Act and Guidelines	47
5.3.1.2 Changes of GST Guidelines	52
5.3.1.3 Support From RMCD.....	59
5.3.1.4 Summary	62
5.3.2 External - Market Complexity.....	63
5.3.2.1 Mixed Supplies.....	63
5.3.2.2 Disbursement and Reimbursement.....	68
5.3.2.3 Cross Border Transactions	74
5.3.2.4 Summary	76
5.3.3 Internal - Correlated Complexity.....	77
5.3.3.1 GST Submission.....	77
5.3.3.2 GST Refund.....	80
5.3.3.3 Time of Supply	84

5.3.3.4 Summary	85
5.3.4 Internal - Autonomous Complexity.....	86
5.3.4.1 Aligning GST Reporting to GST Requirements	87
5.3.4.2 Resources.....	89
5.3.4.3 Summary	95
5.4 Actions to Mitigate the GST Problem.....	96
5.5 GST Complexity Driving GST Cancellation.....	98
5.6 Chapter Summary	103
CHAPTER SIX CONCLUSIONS	104
6.1 Introduction.....	104
6.2 Summary of Findings.....	104
6.3 Recommendations of The Study	105
6.4 Limitations of The Study	105
REFERENCES.....	107
APPENDIX I	112

LIST OF TABLES

<u>Table No.</u>		<u>Page No.</u>
4.1	Profile of Participating Tax Agents	33

LIST OF FIGURES

<u>Figure No.</u>		<u>Page No.</u>
3.6	GST Complexity Framework	30
4.2	Data Analysis Process	35

CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

This chapter discusses the background of the study, problem statement, motivation of the study, the significance of the study as well as the research objectives and research questions.

1.2 BACKGROUND OF THE STUDY

Tax complexity has been discussed extensively in multiple previous studies and literature (Chen & Md Taib, 2016; Evans & Tran-nam, 2013; Mckerchar, 2005; Saad, 2014). The concept of tax complexity is considered to be multidimensional, and thus cannot be easily measured. This complexity is interpreted differently by different people depending on many factors, such as based on their research interests (Evans & Tran-nam, 2013). The definition of complexity also depends on the perspective of the people involved in the area. Among the definitions of tax complexity is where neither taxpayers or the tax authorities are able to identify a taxpayers liability with an appropriate degree of certainty at a reasonable cost or whether that liability can be enforced (M. Richardson & Sawyer, 1998). In Malaysia, the Goods and Services Tax (GST) was introduced as a new tax on 1st April 2015. Despite the efforts of The Royal Malaysia Custom Department (RMCD) as the department that managed the GST to educate taxpayers, misconceptions and misunderstanding regarding the GST still remained. This hindered compliance as concluded by the panellists at the GST Conference 2017 session on “Common Issues in GST Implementation”. This study intends to understand the complexity regarding the GST and the factors behind the complexity, challenges due to the complexity, mitigation of the challenges and the

possible causes for its cancellation by the Government. Additionally, the solutions needed to reduce tax complexity will also be researched in this study.

1.3 PROBLEM STATEMENT

The Goods and Services Tax (GST) in Malaysia was considered complex by the taxpayers in Malaysia (Hadi & Safizal, 2016). The complexity caused consumers and businesses to oppose the GST implementation especially among small and medium enterprises (SME). The wide scope and strict requirements of GST increased its complexity and became a burden to consumers and businesses as the taxpayers. Some of the taxpayers did not even seem to understand the fundamental concepts of the GST (Muhammad, 2017; Othman et al., 2017).

The complexity can have different outcomes to the taxpayers which affect the tax compliance. An overly complex tax system can have adverse consequences to the economy as more time and resources will have to be expended by the taxpayers and tax agents. For taxpayers, the time and resources to comply with the GST affected the time and resources available to run their business. Tax agents would also need to allocate more time and resources if the tax complexity is high thus increasing the cost for their services.

Additionally, the complexity can affect the transparency of the tax system. Different tax treatments might result in different tax outcomes for similar tax issues as they might be concealed due to the tax system complexity. This can result in a lower voluntary compliance with the tax system because if taxpayers perceived that there is unfairness in the tax system implemented by the government, their level of voluntary compliance tend to reduce (Braithwaite, 2011).

Due to the complexity and limited understanding, many taxpayers requested that the GST be abolished (Rahman, Johari, Abdul Manaff, Wan Mohamad, & Ramli, 2019;

Taha, Wan Zakaria, Mohd Nor, Mohd Nazli, & Norsiah, 2019). One of the many pledges listed in the new government's election manifesto was to abolish the GST. The new government promised to fulfil the pledge within 100 days from winning the election on May 2018. The GST rate was reduced to zero percent on 1st June 2018. The total removal was tabled in the Parliament, voted on and passed in August 2018. By September 2018, the SST returned as the replacement for the abolished GST in Malaysia.

The issue of GST complexity needs to be addressed and considered as a problem by the tax authorities as the complexity could cause a low understanding and affect the level of the compliance with the tax system. The cancellation of the GST shows that an overly complex tax system could cause tax failure. Thus, this study intends to understand the GST's complexity and the factors of the GST complexity as possible causes for its cancellation by the government. Due to the GST cancellation in Malaysia on August 2018, the SST was revived as the replacement in September 2018.

1.4 MOTIVATION OF STUDY

This study is motivated by the new GST that was introduced in Malaysia in 2015 which affected all the citizens. The newly introduced tax implied a need for the tax authority to ensure that the tax complexity could be managed accordingly to ensure a higher level of compliance by the taxpayers.

Research on GST is needed as it is a single comprehensive tax that brings the sales tax and service tax (SST) under a single umbrella, eliminating the cascading effect of taxes on the production and distribution prices of goods and services. However, since GST was a new tax implemented in Malaysia, there was a lack of understanding on the mechanisms of GST (Nor Hafizah Abdul Mansor & Illias, 2013; Othman et al., 2017).

This caused the taxpayers to perceive that the new tax as complex and hard for them to understand and comply with.

The purpose of GST was to be a better tax system as the government wanted to set up a tax system that was more effective, efficient, transparent and business friendly since it could spur economic growth as well as increase competitiveness in the global market. To that end, there is a need to study the complexity as an important aspect of this newly introduced tax in Malaysia.

There were many parties involved in the GST implementation and GST abolishment such as businesses, tax authority and tax agents. Tax agents are among the parties directly involved with the GST implementation and abolishment. Their roles included assisting the businesses in the GST implementation and during the GST abolishment and transition from GST to SST as the replacement for GST in September 2018. Therefore, the complexity of GST can be studied from the perspective of tax agents.

Even though the GST was cancelled starting in June 2018 by the imposition of a zero tax rate and then officially abolished in September 2018, the need to study the tax is still relevant as it could be taken as a lesson in introducing new taxes and the implications from the tax implementation could benefit future implementation of new taxes.

1.5 RESEARCH OBJECTIVES

1. To identify factors that contributed to the complexity of Malaysia's GST system, from the view of tax agents in Malaysia.
2. To explore issues and challenges faced by businesses in Malaysia in implementing and understanding GST, based on the experience of tax agents.
3. To explore actions taken to mitigate problems related to Malaysia's GST.

4. To understand whether GST complexity was part of the reason for the GST cancellation.

1.6 RESEARCH QUESTIONS

1. Why was GST regarded as complex by the taxpayers?
2. How the issues and challenges faced by the taxpayers was affected by the GST complexity?
3. How to mitigate the issues and challenges that arose from the GST complexity?
4. How the complexity of the GST affected its cancellation?

1.7 SIGNIFICANCE OF STUDY

There are several significances of this study. First, this study might be useful for tax regulators to reduce tax complexity by taking lessons from the GST complexity to ensure a higher level of compliance by taxpayers. Managing the GST complexity can encourage taxpayers to comply with the GST requirements.

Second, it might be useful to the taxpayers if the tax complexity is reduced as it will increase their understanding and compliance. Increasing the taxpayers' understanding of GST requirements will assist the taxpayers in following and complying with the requirements.

The last significance is this study will contribute knowledge to the existing literature on tax complexity especially on GST as it was a new tax introduced in Malaysia and can be a reference for future tax implementation in Malaysia.

1.8 ORGANISATION OF THE STRUCTURE

This study is organised as per below:

Chapter One is the introduction of the thesis that discusses the background of the study, problem statement, motivation of the study, research objectives and research questions and also the significance of the study.

Chapter Two is a literature review of the GST implementation in Malaysia which includes the tax system in Malaysia. The chapter also includes the reason for GST implementation in Malaysia and the perception towards the GST. The literature on factors contributing to the tax complexity which includes legal and declarative complexity is also discussed in the chapter. Additionally, the effects, issues and challenges of GST in Malaysia are also part of the chapter.

Chapter Three is a theoretical framework of the study that discusses the system theory that leads to the complexity driver's classification system which is used to study the GST complexity. The classification system is divided into external complexity and internal complexity. External complexity consists of society complexity and market complexity, while internal complexity consists of internal correlated complexity and internal autonomous complexity.

Chapter Four is about the research methodology used for the study. A semi-structured interview is used as the research method by interviewing five tax agents for the development of interview protocol based on the issues raised in the GST Conference in 2017 attended by businesses in Malaysia.

Chapter Five summarises the findings and discussion. In this chapter the findings and discussion of the research questions are done based on the interview with the tax agents.

Chapter Six provides the conclusion. This chapter concludes the overall study on GST complexity. It provides a brief summary of the results and findings. It also

illustrates the limitations of the study, implications of the study and suggestions for future research.

1.9 CHAPTER SUMMARY

This chapter summarised the GST complexity as one of the issues in the GST implementation in Malaysia and also the possibility that GST complexity was part of the reason for the GST abolishment by outlining the background of the study, problem statements, research objectives and research questions, significance of the study followed by the organisation of the study. The next chapter will discuss the GST implementation in Malaysia.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

This chapter provides an overview of tax implementation in Malaysia with the focus on GST implementation. The overview on GST is in terms of the definition, the reasons GST was implemented as a replacement for the SST, the perception of GST and the tax complexity in Malaysia.

Since GST was a new tax reform implemented in Malaysia, there is a need to study its complexity with regards to the factors, issues and challenges. Additionally, the study also will explore the solutions to mitigate the factors, issues and challenges stemming from the GST complexity. It is important to study the matter as the taxpayer base for GST was wider compared to other taxes implemented in Malaysia and it was required by law for the taxpayers to comply with the GST requirements and to maintain a high level of compliance.

2.2 TAX SYSTEMS IN MALAYSIA

There are two types of taxes implemented in Malaysia namely direct and indirect taxes. Direct taxes are taxes directly collected from the taxpayers by the tax authorities such as income taxes for individuals and companies, real property gains tax, petroleum income tax and stamp duty. These taxes are managed by the Malaysian Inland Revenue Board. Indirect taxes are taxes paid by consumers to the businesses and later the businesses will channel the payment to the government. Examples of this tax are sales tax, service tax, goods and services tax and excise duty. For example, GST was a broad-based consumption tax covering all sectors of the economy that was imposed on all

goods and services made in Malaysia including imports with the exception of specific goods and services. The basic concept for this tax is only the value added to goods and services should be taxed and this tax is designed to be borne by the final consumer of the goods and services (Rev & May, 2016). This type of tax is managed by the Royal Malaysian Customs Department (RMCD).

Since there are two types of taxes in Malaysia, the level of contribution from both types of taxes are important to the country. Direct taxes have the most significant relationship with the spending of the government, thus contribute the most to the development of the country. In contrast, the government has become less dependent on indirect taxes as a source of government revenue. The concern is changing the sales and service tax to the goods and services tax as part of a strategy to improve the economy of the country in the future.

2.3 GOODS AND SERVICES TAX (GST)

2.3.1 Introduction to GST

The Goods and Services Tax (GST) was introduced in Malaysia on 1st April 2015 as part of a government initiative to replace the sales and service tax (SST) which was implemented prior to the introduction of the GST. The Sales Tax was implemented in 1972 and the Service Tax was implemented a few years later in 1975. Since GST was enforced on all goods and services except for those on the exemption list and zero-rated supply, it also affected SMEs. Businesses that exceeded the threshold determined by the government needed to be registered under the GST and they had to include the GST in the prices of their good and services. For businesses below the threshold, they could choose either to register or not under the GST. There were several advantages and disadvantages for SMEs that registered under the GST.

The GST which is also known as value added tax (VAT) in many Western countries is a multi-stage consumption tax on goods and services (Othman et al., 2017). In Malaysia, GST was a tax reform implemented to replace the Sales and Services Tax (Nor Hafizah Abdul Mansor & Ilias, 2013). The GST is charged on the supply of goods and services at each stage of the supply chain from the supplier up to the retail stage of the distribution. Even though the GST is imposed at each level of the supply chain, the tax element does not become part of the cost of the product because GST paid on the business inputs is claimable. Hence, it does not matter how many stages a particular item or service goes through the supply chain because the input tax incurred at the previous stage is always deducted by the company at the next step in the supply chain.

GST was a broad based consumption tax covering all sectors of the economy that was imposed on all goods and services made in Malaysia. GST included imports, with the exception of specific goods and services categorised under zero rated supply and exempt supply orders as determined by the Minister of Finance and published in the Gazette (Othman et al., 2017).

The basic fundamental of the GST is its self-policing features which allow businesses to claim their input tax credit by way of automatic deduction in their accounting system. This eases the administrative procedures on the part of businesses and the Government. Thus, the Government's delivery system will be further enhanced. Businesses need to pay taxes so that the government can finance socio-economic development; which includes providing infrastructure, education, welfare, healthcare, national security etc. (Hadi & Safizal, 2016). Over the past few decades, there has a worldwide trend in the introduction of a multi-stage VAT or GST system. Today, almost 90% of the world's population live in countries with GST or VAT , including China, Indonesia, Thailand, Singapore and India (Saeeda, 2019).

In Malaysia, businesses had to be registered under the GST with the Royal Malaysia Custom Department if their annual sales turnover exceeded the prescribed threshold i.e. businesses with annual sales turnover exceeding RM500,000. Only a registered person which included an individual, sole proprietor, partnership, company, trust, estate, society, union, club, association or any other organisation including a government department can charge and collect GST on the taxable supplies of goods and services made by them. GST is charged on the value or selling price of the products. The amount of GST incurred on the input (input tax) can be deducted from the amount of GST charged (output tax) by the registered person.

2.3.2 Why GST Was Implemented as A Replacement to the SST

The purpose of GST implementation in Malaysia was to replace the SST imposed previously in the country as a consumption tax. Previously, the consumption tax was only imposed on certain products and services. By introducing the GST, tax is imposed on every product and service with the exception of products under the exemption list or zero-rated supply. The government aimed to improve the effectiveness and efficiency of the consumption tax in Malaysia by implementing this tax reform as the SST was only imposed at the manufacturer level and the rates were less transparent compared to the GST that had a standard rate of 6% while the SST varied from 6% to 10%. The GST covers everyone, retailers and trade thus it is more transparent compared to the SST (Adam & Mohamed Yusof, 2017). Based on the implementation of other countries that known as VAT such as United Kingdom, United States of America, New Zealand, Philippines, Indonesia, Singapore, Australia, Nigeria, Egypt and European Union countries (Adam & Mohamed Yusof, 2017), in implementing this type of tax, the government aimed to have a better tax system which was the GST to improve the transparency and economic growth of the country.

Other than that, the GST could be part of a stable source of revenue for the country as quite vulnerable to economic fluctuations (Nor Hafizah Abdul Mansor & Ilias, 2013). The objective of having a single tax with a comprehensive scope that can cover a broad base of goods and services is so that it can be a stable source of income for the country. Since the GST's scope is broader than the SST relative to the number of the goods and services involved, the revenue base for the country can be broader and thus the GST can be a stable source of revenue for the country.

The previous sales and service tax had a few loopholes like double taxation imposed on customers through sales plus service tax, a cascading effect where consumers did not know that the sales tax were enforced on the goods at the manufacturing level, transfer pricing and no complete relief given on goods exported, which could be overcome by introducing the GST (Othman et al., 2017). Prices paid by the consumers would also be fairer as compared to previous practices under the SST. The prices paid by the consumers would also be clearer and could be calculated to differentiate between the principal amount and the amount of tax paid. This improved transparency for the customer and they could plan their spending well as the analysis of the spending could be done prior to their spending.

Additionally, as stated by the Royal Malaysian Customs Department, there were multiple benefits that the GST can provide to Malaysian consumers and businesses. For consumers, the GST could improve the standard of living of Malaysians as the GST collection from the businesses could be used for the development of Malaysian citizens in terms of social infrastructure in the country like health facilities and institutions, educational infrastructures and public facilities so that the Malaysian population would be on par with the people of other developing countries (Othman et al., 2017).

Meanwhile, the GST could mean lower costs for businesses as under the SST, there were companies that paid multiple taxes and higher levels of tax-on-tax (cascading