

GST and how it works

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Taxing the untaxed

The Government says consumers are paying a lot more under the SST (Sales and Service Tax)

Sales tax at 10%

Govt tax revenue: RM10



MANUFACTURER
Cost: RM100 +
Tax: 10% (RM10)
= RM110

GST at 6%

Govt tax revenue: RM6



MANUFACTURER
Cost: RM100
GST: RM6

Govt tax revenue: None



Hidden tax: RM2
WHOLESALER
Cost: RM110 + RM22
(20% profit margin)
= RM132

Govt tax revenue: RM1.20



WHOLESALER
Cost: RM100 + RM20
(20% profit margin)
GST: RM7.20

Govt tax revenue: None



Hidden tax: RM3.60
RETAILER
Purchase cost:
RM132 + RM39.60
(30% profit margin)
= RM171.60

Govt tax revenue: RM2.16



RETAILER
Purchase cost:
RM120 + RM36
(30% profit margin)
Cost: RM156 GST: RM9.36



CONSUMER
Final price: RM171.60



CONSUMER
Final price: RM165.36

Govt tax revenue loss: RM5.60

Govt tax revenue loss: None

Standard-rated



Manufacturer
Claims back GST



Wholesaler
Claims back GST



Retailer
Claims back GST



Consumer
GST rate paid is 6%

Zero-rated



Manufacturer
Claims back GST



Wholesaler
Claims back GST



Retailer
Claims back GST



Consumer
GST rate paid is 0%

Exempted



Supplier
Claims back GST



Retailer
GST unclaimable



Consumer
No GST

