



**CONSUMER PERCEPTION TOWARDS GOODS AND  
SERVICES TAX (GST) IN MALACCA**

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## ABSTRACT

Briefly, Malaysian have been implemented the new tax system which is Goods and Services Tax (GST). The announcement made by Datuk Seri Najib Tun Abduk Razak on 1<sup>st</sup> April 2015. This system replaced the former system which is Sales and Services Tax (SST). This research is aimed on *People Perception towards Goods and Services Tax Implementation in Malacca*. This research is to examine the relationship between independent variable (income, knowledge, education level, and understanding) with consumer perception towards Goods and Services Tax (GST) Implementation in Malacca. The data is collected by using questionnaires and distributed to 180 respondents around Malacca Tengah. Data received is analyzed by using Statistical package for social science (SPSS) to obtain the result. , it can help us to easily describe and evaluate the data from the questionnaire. Results were presented through frequency counts and other descriptive statistics. Other than that is descriptive analysis, reliability analysis, correlation and also multiple regressions. By using SPSS it shows that all of the independent variables are significant with dependent variable which is consumer perception towards GST implementation in Malacca and the strongest relationship resulted by the SPSS is education level.

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## **1.0 INTRODUCTION**

### **1.1 Background of Study**

On 1<sup>st</sup> April 2015, Prime Minister of Malaysia Datuk Najib Tun Abdul Razak has announced that Malaysia is going to implement Good and Services (GST) to replaced Sales and Services Tax (SST). Sales and Services Tax is the system that been used in Malaysia until the day that GST is announced to replace the old system of tax. As we know that Malaysian practices two kind of taxation system which is indirect and direct system. Indirect tax is administered by the Royal Malaysian Custom Department (RMCD) and it consist four components which are customs duties, excise duties, sales tax and also service tax while direct tax is under the jurisdiction of the Inland Revenue Board of Malaysia (IRBM) (Bidin & Shamsudin, 2013). IRBM is said to be responsible towards all policies relating to direct taxes such as income tax. From the perspective of government, tax is a vital economic tool to regulate economy of a country. It can be said as revenue of country for economic growth. In order for government to increase revenue of our country, GST is seen as an alternative to strengthen and to stabilize the economy .The main objective of the GST is to improve the country revenue, enhance the efficiency and effectiveness of the existing tax system and indirectly to replace the weaknesses of SST. The introduction of GST has received many arguments from various people which are positive and negative reaction from people since the announcement been made (Ishak, Othman & Omar, 2015). On the first reading of the Bill in Parliament was on 16<sup>th</sup> December 2009 and it was scheduled for a Second Reading and Third Reading on 2010 but they were