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**A STUDY OF SEREMBAN'S CITIZENS READINESS  
TOWARDS THE IMPLEMENTATION OF GOODS AND  
SERVICES TAX (GST) BASED ON DEMOGRAPHIC  
FACTORS**

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## CHAPTER 1

### INTRODUCTION

#### 1.1 Background of Study

In late 1980s Prime Minister Brian Mulroney's government pursues sales tax reform, saying it wants to replace the manufacturers' sales tax with the goods and services tax (GST). Therefore, the tax is introduced in Canada on January 1, 1991. ([www.thestar.com](http://www.thestar.com)). GST which is also known as VAT or the value added tax in many countries is a multi-stage consumption tax on goods and services. It is a form of indirect tax whereby consumers pay taxes as they consume goods and services. The tax is embedded in the price of goods and services transacted. GST therefore is tax charge based on how much you spend. This is different from Income Tax whereby tax is charged based on how much you earn."Over the past few decades, the worldwide trend has been for the introduction of a multi-stage GST system. Today, almost 90% of the world's populations live in countries with GST, including China, Indonesia, Thailand, Singapore and India.

In Malaysia the history of GST originally planned during Budget 2005 by former Prime Minister Dato Seri Abdullah Ahmad Badawi, announced that GST would be implemented on 1st January 2007. The rate of GST will be imposing at 4%.The introduction of the new tax will provide the Government with the opportunity to reduce corporate and individual income tax rates. The Government will also ensure that the citizen in the low-income group will not be unduly burdened by the implementation of GST. In this regard, goods and services considered as basic needs will either be zero-rated or exempted. In addition, small businesses will also be exempted from this tax.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter provides a review to the literature review on Seremban's Citizens readiness towards the Implementation of Goods and Services tax (GST) based on demographic factors. Section 2.1 is introduction of GST. Section 2.2 is determining citizen's readiness towards GST implementation. Section 2.3 is reviewing on the implementation of GST in April 2015. Section 2.4 provide conceptual framework.

#### **2.2 Introduction of GST**

The Goods and Services Tax (GST) Bill was tabled in Parliament for its first reading in December 2009. This is to response to the fiscal deficit that Malaysia is experiencing. In addition to providing the Government with a source of revenue beyond that income tax, GST is said to offer a more comprehensive, efficient, transparent and effective tax systems. There is a confirmation when Malaysia Prime Minister Dato Seri Najib Tun Abd Razak has announced in Budget 2013 about the implementation of GST.

GST is the replacement tax system. It will replace the narrower Sales Tax and Services Tax (SST). Datuk Seri Najib Tun Razak said the Goods and Services Tax (GST) system that will be implemented from April next year is able to secure the country's future with more robust yields. He also said even though certain quarters proposed to hold protests in Kuala Lumpur against GST, the reality was that the

## **CHAPTER 3**

### **RESEARCH METHOD**

#### **3.1 Introduction**

In this chapter, the research methodology explained about how well the study will be conducted. Section 3.2 discusses on research design, section 3.3 explained on unit of analysis and section 3.4 discussing on sample size. Section 3.5 discusses a sampling technique and section 3.6 discussing on measurement. Section 3.7 data collection and also section 3.8 data analysis which related to this research.

#### **3.2 Research Design**

Research design involves a series of rational decision making choices relating to the Study of Seremban's citizens readiness towards the Implementation of Goods and Service taxes (GST). (Exploratory, descriptive, hypothesis testing), location (i.e. study setting), the type it should conform to (type of investigation), the extent to which it is manipulated and controlled by the researcher (extend of research interference), its temporal aspects (time horizon) and the level of which data will be analyzed (unit of analysis), are important to research design (Sekaran, 2003).

The type of investigation used for this study is exploratory studies in which we are investigated the readiness of citizens towards the implementation of GST. Exploratory research answering on why questions involve developing casual explanations. Casual explanations argue that phenomenon Y (income level) is affected by factor x (gender).