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BACHELOR IN ADMINISTRATIVE SCIENCE (HONS.)

**STUDENTS PERCEPTION ON GST: A  
STUDY ON SWINBURNE UNIVERSITY AND UITM SAMARAHAN**

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# CHAPTER 1: INTRODUCTION

## 1.0 Introduction

This chapter focuses on the background of the study which is the perception towards GST among students from public and private universities that is UiTM Samarahan and Swinburne University. This chapter will discuss the background of the study and also describe the problem statement along with the research questions. Research objectives are listed based on the research questions. Moreover, this chapter will too explain the information regarding the scope of study. Significance of the study is discussed as well and towards the end of the chapter, explanation on the definition of terms and concepts related to the study will be described.

## 1.1 Background of study

Tax is a compulsory contribution to state revenue, levied by the government on workers' income and business profits or added to the cost of some goods, services, and transactions. No one is happy when paying tax but it is necessary in order for the government to maintain the services that they provide for the whole nation. Without it, the services offered to all citizens may not be effectively managed. Revenues received are used by the government to maintain and support the public healthcare, social security, national defence, free elementary education and many other social services (Hafizah & Azleen, 2013)

Goods and Services Tax (GST) or also known in other countries as Value Added Tax (VAT) is a consumption tax imposed on the sale of goods and services. The idea of introducing a flat consumption based GST in Malaysia has been floated since 1989 (Zhou, Tam, & Heng-Contaxis, 2013).

The Malaysian government has announced the implementation of GST which was scheduled to be implemented during the third quarter of 2011 but was not implemented. The second reading of GST Bill was delayed after the first reading was held on 16 December 2009. The government feared that the implementation of GST at the time would cause instability to the country's economy. During the reading of the 2014 budget, Prime Minister Dato' Sri Mohd Najib Abdul Razak announced the GST would be implemented at

## CHAPTER 2: LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

### 2.0 Introduction

Much has been written on GST/VAT since its inception in tax administration worldwide. As per the conceptual meaning of GST/VAT, opinions differ.

According to Lian (n.d), many people have negative perception on tax payment, as they are required to contribute such compulsory payment without immediate benefits in return. GST has been introduced in various countries, across all stages of economic development. Referring to the Royal Malaysian Customs Department's official website, Malaysia would be charging the lowest GST in the region at the suggested initial rate of 4% (Thailand: 7%, Singapore: 7%, Vietnam: 10%, Indonesia: 10% and Philippines 12%).

The International Monetary Fund (IMF) has long recommended the introduction of GST as a way of raising the efficiency of the Malaysian tax system and at the same time increase the tax collection (Palil, Nor Hazila, & Nor Hasikin, 2013). By implementing GST, it shows how aggressive the government is to consolidate the financial position. Many researchers have discussed that Malaysia's proposal of introducing a new tax scheme is intent on putting up mechanisms that can trim its persistent financial deficits and rising debt burden to hunt for the elusive surplus and build up savings to prepare for rainy days ahead.

According to Lim and Ooi (2013), Malaysia's fiscal budget has been in deficit continuously since 1998. They have also mentioned that a significant amount of Malaysian debt is held by foreigners and due to that, Malaysia is vulnerable. Lim and Ooi (2013) suggest that if the government does not introduce GST, Malaysia's credit ratings will be cut. Hence, the costs of not introducing GST are significantly high.

When GST is implemented, the issue is whether taxpayers will comply with it. Compliance behaviour amongst taxpayers is one of the main problems facing the Royal Malaysian Customs Department (Bidin and Faridahwati, 2013). In fact, prior studies indicated similar problems. When taxpayers fail to comply with the law, the government will suffer from the loss expected revenue.

The implementation of GST has received a strong response from tax experts, academics, the business community and the general public (Zhou, Tam & Heng-Contaxis, 2013).

## **CHAPTER 3: RESEARCH METHODOLOGY**

### **3.0 Introduction**

This chapter discusses on how the study will be carried out. It involves the research design, the sample size as well as sampling techniques. Furthermore, unit of analysis, discussions on measurement, data collection and also data analysis will be included which relates to this research. The research methodology explains in details the methods and ways used to carry out the study. From the method used, the reliability of the data can be gained.

### **3.1 Research Design**

Research design relates to the overall approach to the study. The purpose of this is to do a study on university students', from private and public university, perceptions on GST. The study will focus on the perception of students' from the Faculty of Business in Swinburne University and Bachelor of Administrative Science (FSPPP) in UiTM. This is to obtain feedback from the students of what they think towards GST and whether it affects their daily lives in any way. It involves a series of rational decision-making choices related to decisions regarding the purpose of the study, location, the type of investigation, the extent to which it is manipulated and controlled by the researcher, the time horizon and also the level of which data will be analysed.

The type of this investigation that is used for this study is a quantitative research. A quantitative research provides a measure of how many people think, feel or behave in a certain way and uses statistical analysis to determine the results. Ideally, the research should be constructed in a manner that allows others to repeat the experiment and obtain similar results. A cross sectional study is also used to collect the data of this study. It means that the data gathered just once, perhaps over a period of days or weeks, or months, in order to answer a research question and it is also known as one-shot studies (Sekaran, 2003). In other words, a cross sectional study takes a snapshot of a population at a certain time, allowing conclusions about the phenomena across a wide population to be drawn.