

## The Abolition of GST Under New Malaysia

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### Abstract

The implementation of the Goods and Services Tax (GST) was met with strong opposition from Malaysians leading to the fall of the Barisan Nasional Government in the 14th General Election and the abolition of GST. Past studies have shown that the abolition of GST is a less wise move because there is a greater negative impact compared to the positive impact on the economy, society, and country. The present study was conducted to investigate the importance of GST on national income, the factors of GST repeal, as well as the impact of the abolition of GST on people's purchasing power. Issues related to the abolition of GST were raised following people's complaints about the implementation of the Sales and Service Tax (SST) system which is found to be less impactful in contrast to the people's expectations before the repeal of GST is implemented. Qualitative methods were used in the form of interviews, journal references, related articles, book reports, and statistical data from the Department of Statistics Malaysia and the Malaysian Ministry of Finance. The data gathered were used to further clarify the impact of the implementation of the political policy of the Pakatan Harapan (PH) Government for an economic purpose as well as benefiting the people. The theory of People's Sovereignty is used in this research. The results of the study show that GST plays a role as the biggest contributor in the component of Indirect Taxes (IT) until its abolition which no longer contributes to national income. Even though the Malaysian government opted for other methods of increasing revenue such as increasing income tax, the dependence on individual income tax increases as a result of decreasing people's purchasing power based on the Consumer Price Index (CPI). The main external factor identified was due to traders who maximized their profits which subsequently contributed more to the increase in the price of goods, followed by weak law enforcement by the authorities making GST the victim of political populists. From the perspective of political sciences, the present study also revealed how the government's policy based on politics gives an impact on the economy and society.

**Keywords:** 14th General Election, GST, SST, Abolition, Indirect taxes.

### Introduction

The study investigates the impacts of the implementation of the Pakatan Harapan coalition's general election manifesto related to the abolition of the GST taxation system as well as the impacts on the people's purchasing power and national income. Generally, the implementation of GST in Malaysia created heated debates as it is deemed an unpopular tax system among the Malaysian community. Hence, this study also sets out to see whether the

abolition of GST can solve the issue of cost of living, people's purchasing power, and national income, or vice versa. The findings of the study are crucial to ascertain the actual current situations related to the abolition of GST in overcoming the issues faced by the community in regard to GST. The initial stage of GST implementation caused a mix of reactions among the public. This also caused panic due to public worry about the tendency of economic turmoil as a result of the new taxation system.

GST, which is seen as the main tool in obtaining national income, is seen as the main cause of the increase in the price of goods. Meanwhile, the people were asking for the return of the SST system which was believed to be capable of being a saviour taxation system in dealing with the increase in the cost of goods and services caused by GST. Tax revenue is the income earned by the government through tax collection. Taxes are the main source of income for a country. Tax revenue comes from various sources such as individual taxes, public companies, trade and royalties on natural resources, or foreign funding. Inefficient tax management is more directed to countries characterized by poverty, a large agricultural sector, and a large amount of foreign aids (Brautigam, 2002).

The indirect tax system is a tax imposed directly on consumers who buy goods and use services. This tax does not involve all groups but buyers of goods and users of services will be taxed. Therefore, taxes are one of the largest components of national income obtained by the government. Indirect taxes are also taxes that can be transferred or handed over. There are several types of taxes that are used, namely Sales and Service Tax (SST), Goods and Services Tax (GST), or Value Added Tax (VAT). The 2018 budget saw indirect taxes ranked second as one of the components of the country's income that provided the largest contribution, which was 22.8% of the total Federal Government Budget in 2018 of RM280, 250 million as shown in Figure 2 (Ministry of Finance Malaysia, 2017).

The implementation of GST during the administration of Datuk Seri Mohd Najib Tun Razak in 2015 made indirect taxes the second largest contributor after income tax. In the 2019 Budget, after the abolition of GST, indirect taxes became the fourth largest component of national income contributing to the allocation of the Federal Government Budget 2019. Indirect taxes only covered 13.1% of the entire budget amounting to RM 314,550 million. This clearly shows that the abolition of GST on 1 June 2018 had a major impact on national income based on Figure 2 (Ministry of Finance Malaysia, 2018).

## **Methodology**

This section will explain the methods and form of the research approach used by the researchers in obtaining the information as well as describing and answering the research questions for the present study. This present study adopted the qualitative method to obtain information and research data because this study evaluated the impacts of the repeal of GST in terms of people's purchasing power and the influence of change taxation system against national income.

## **Library Study Methods**

In the present study, books are the core source for study references which mainly were related to GST issues in several contexts such as economics, politics and social. Reference books were borrowed from the Tun Sri Lanang Library (PTSL), Universiti Kebangsaan Malaysia. In addition, some personal collection books were also utilised for complete this study. Next, other research materials such as journals, newspaper clippings, and previous studies were

also reviewed to ensure transparency of facts as well as to comply with the needs of the study. These materials were mostly derived from sources as mentioned above. To complete this study, the researchers also referred to online sources from several websites that are related to issues on GST, including the Malaysian Ministry of Finance, The Royal Malaysian Customs Department, and also the Malaysian Statistics Department. Meanwhile, data secondary data was also obtained from these official sources' pages. In addition, some studies and forums related to the present research topic on GST and SST were also used as references.

### **Interview Method**

The researchers used the interview method with the informants who were perceived by the researchers relevant to the present study. Therefore, relevant informants such as NGO members and civil servants who were directly involved in the implementation GST including the officers from the Royal Malaysian Customs Department. Additionally, the researchers chose the interview method to ensure the information obtained from both parties are fair to avoid bias in this study. The researchers also used an open-ended questionnaire which is a method using questions without specific answers as well as the informant's answers must be based on their thoughts and knowledge of the questions asked. In ensuring that the informant's answer accuracy and relevance for analysis, similar questions were asked to all the informants involved. Structured interviews are important in ensuring that the consistency of interviews conducted in meeting the original purpose. The interview questions were also based on research objectives, arranged in a completed list without any additional questions or explanation of the questions.

### **Data Collection**

The researchers used qualitative methods in the data collection of this present study. This includes the random analysis to obtain reading materials related to GST and SST issues from different articles and journals. In preserving the relevance of this research from the biased elements, raw data which is the official government data was obtained from the statistics department.

Besides, the researchers used Content Analysis randomly by using relational analysis where the analysis was carried out by looking at the relationship between the concepts in content. The researchers also analysed the relationship between a concept that existed in a content of the material being investigated. Through relational analysis, elements that are related to GST can be used using newspaper articles, raw data, and related journals in evaluating the effectiveness of implementing the manifesto by PH. This was done in order to ascertain whether the implementation of SST has achieved its objective which is to increase people's purchasing power without affecting the national income. While for the interview method, some main themes from the interview results were organized systematically to identify the patterns and themes regarding the GST issue in every answer given by the informants. This is important to ensure the coding of the words used by the informants in giving answers to the issues were highlighted to identify the frequency of words used. Frequency words were coded according to categories related to GST issues that were selected according to the research objectives and research questions.

## Results

This section will answer the first research question which is identifying the importance of GST on national income. This section will also show the impact on the abolition of GST which resulted from the implementation of the PH's manifesto. This section will also identify the importance of GST on national income. Through the analysis carried out, the study presents a pattern of dependence against GST especially before and after the repeal of GST by the PH government.

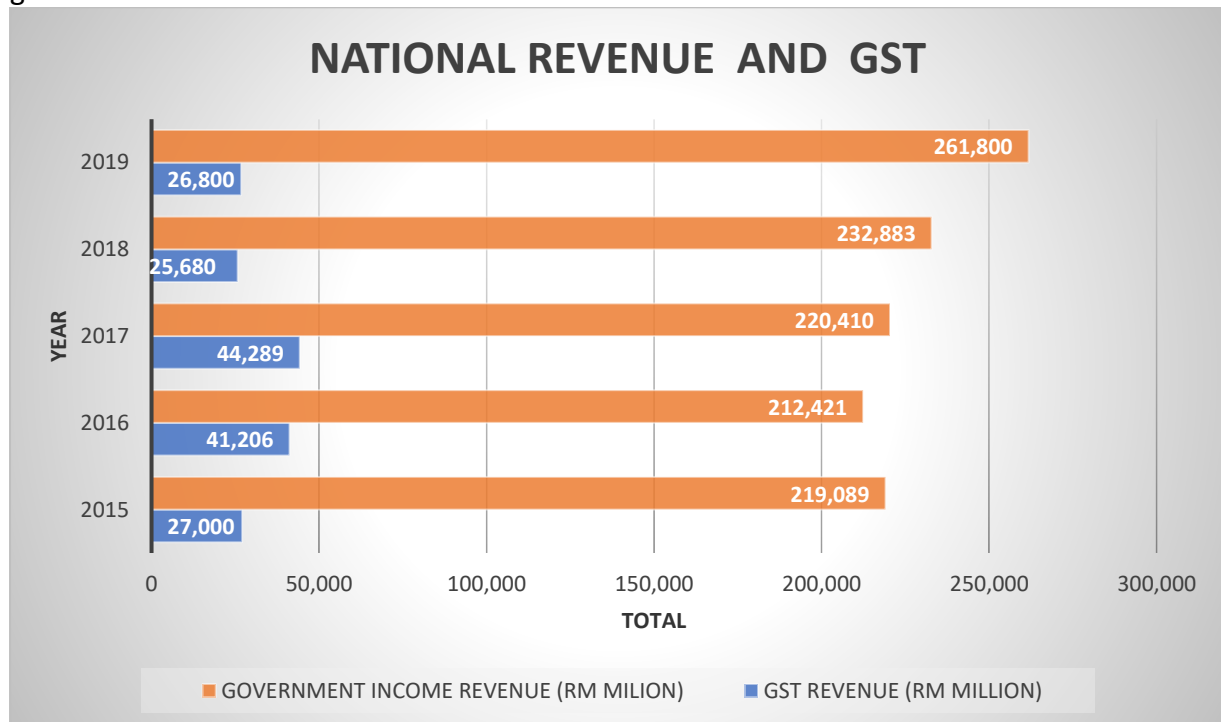


Figure 1: Quoted and modified from: Federal Government Revenue Estimate Book 2015, 2016, 2017, 2018, 2019. (MOF, 2015-2019)

The pattern can be seen from the aspect of indirect tax income (GST) which is increasing. The transition that took place on 1<sup>st</sup> April 2015 showed that the national taxation system (GST) that had been planned for a long time was finally implemented, replacing the SST system. In 2015, the GST income obtained by the Federal Government was as much as RM 27,000 million. Federal Government revenue is as much as RM 219,089 million.

In 2016, the GST income obtained by the Federal Government was as RM 41, 206 million. The increase in tax collection based on the previous year, which is 2015, was relatively large, which is an increase of 52.61%. However, the Federal Government's income in 2016 was seen to decrease from RM 219,089 to RM 212,421 million. A decrease of RM6,668 million based on the previous year which recorded a decrease of 3%.

In 2017, the GST revenue obtained was RM 44, 289 million. The increase in GST income recorded was RM 3,083 million. As compared to 2016, the increase in GST revenue collection increased by 7.5% in 2017. The Federal Government's revenue continued to increase from RM 212, 421 million to RM 220, 410 million in 2017, which was an increase of 3. 76% from the previous year.

In 2018, the GST revenue obtained by the government was RM25, 680 million. In 2018, the abolition of GST on 1 June 2018 and replaced by SST showed a decrease in GST/SST income to RM 25,680 million with the difference of RM18, 609 million. A significant decrease in terms

of GST revenue occurred due to the transition of GST to SST. Additionally, the abolition of GST caused a reduction and a sharp drop in terms of GST indirect tax revenue collection. A decrease of 42% was recorded in 2018. However, the Federal Government's revenue increased from RM 220,410 million in 2017 to RM 232,883 million in 2018. The increase in government's revenue by RM12,473 million or 5.66% as compared to the previous year.

In 2019, the SST income was estimated to be around RM 26,800 million, with an increase of RM 1,120 million or 4.36% as compared to the previous year. After one year of the GST repeal implemented on 1 June 2018, the indirect tax collection that was replaced by SST is still not able to compete with the GST collection as in previous years. This clearly shows that the Federal Government lost a large amount of indirect tax collection. However, the estimated income of the Federal Government was estimated to continue to increase to RM 261,800 or RM 28,917 million more as compared to year 2018. The 12.11% increase in the estimated income of the Federal Government showed that they did not depend on taxes directly and the government had different methods in diversifying and increasing its income and revenue.

In conclusion, the abolition of GST was found not to reduce the government revenue. However, the indirect tax component which is the GST income was decreasing and the government was forced to implement other methods in increasing the Federal Government's revenue in order to cover the gap left by the GST after the implementation of SST. Overall, this undoubtedly showcased the importance of GST to national income. The implementation of GST was seen to increase the national income although it was not consistent and showed a decrease in 2015 by RM219, 089 million to RM 212,421 million in 2016, which is an RM 6,668 million reduction in the national income. To answer the first research question, the implementation of GST had a big impact in the indirect tax component but did not interfere with the national income even though the SST indirect tax collection decreased after the abolition of GST as every year the national income continues to increase. Besides, the effects of the political policy implemented by the PH government had caused tax collection to decrease even though the GST tax was a more effective tax system and was able to collect more revenue than SST.

This scenario stems from the issue of the increase in the cost of living which was then politicized by PH when advocating that the GST rate could be adjusted to a lower rate. However, only the abolition was done because the PH Government who felt that GST was a policy of the previous government which became a polemic in the Malaysian community. The data clearly shows the decrease in SST tax collection results was very different in amount as compared to when the GST was implemented. The decrease in revenue caused by PH's political policies had an impact on government aids such as Bantuan Sara Hidup (BSH), oil subsidies, fishing aid and funds for public expenditure had to be blocked which ultimately affected the mega projects planned by the BN Government. Khanna (2018) added, repealing the previous government's policy was easy but the PH Government had to bear the financial burden without GST. In other words, GST is an alternative for the government, but it is not necessarily able to compete with SST because there is no taxation system that can operate holistically like GST.

According to Moody's Analytics Economist, Katrina Ell, the abolition of GST would cause dependence on petroleum-based tax income to increase. This statement clearly shows the increase in income tax dependency is increasing in order to close the financial gap after the abolition of GST (Sarawakvoice, 2018)

Patterns of government’s dependence on indirect taxes  
Budget 2018 (RM 280, 250 million)

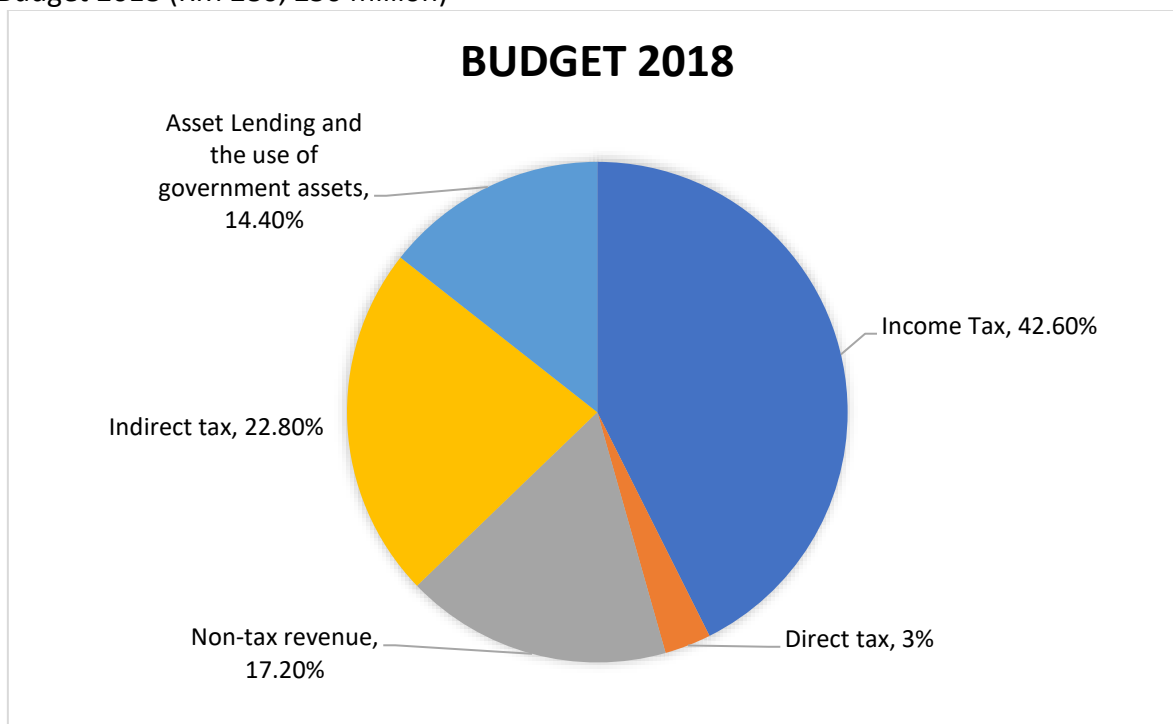


Figure 2: Quoted and modified from Budget 2018 (Ministry of Finance, 2017).

Figure 2 which refers to the 2018 Budget where the Federal Government obtained a combined income of RM 280, 250 million from the five components. An increase in revenue is shown from RM260,800 million in Budget 2017 to RM280,250 million with a difference in revenue of RM19,450 million. Budget 2018 also showed that income tax represented 42.60% compared to Budget 2017 which is 43.10%. The reduction in dependence on income tax also decreased by 0.5%. One of the goals of GST implementation was to reduce dependence on income tax which is the percentage was decreasing. Additionally, this was seen as a success in increasing the disposable income of Malaysians. In addition, indirect tax revenue was also found to contribute as much as 22.80% of the overall percentage of the 2018 Budget which decreased from 22.90% compared to the 2017 Budget which is 0.10%. Non-tax revenue showed as much as 17.20% of the entire 2018 budget compared to 15.00% in the 2017 Budget, a percentage increase of 2.20%. Asset loans and the use of government assets represented 14.40% in the 2018 budget compared to the 2017 Budget which showed 15.80% with a percentage decrease of 1.4%. The reduction of dependence on asset loans and the use of government assets is a success because of the implementation of GST. Other direct taxes also show a reduction in dependence because of the implementation of GST by representing a percentage of 3.00% in the 2018 budget compared to 3.20% in the 2017 Budget which saw a decrease of 0.20%.

Budget 2019 (RM 314,550 million)

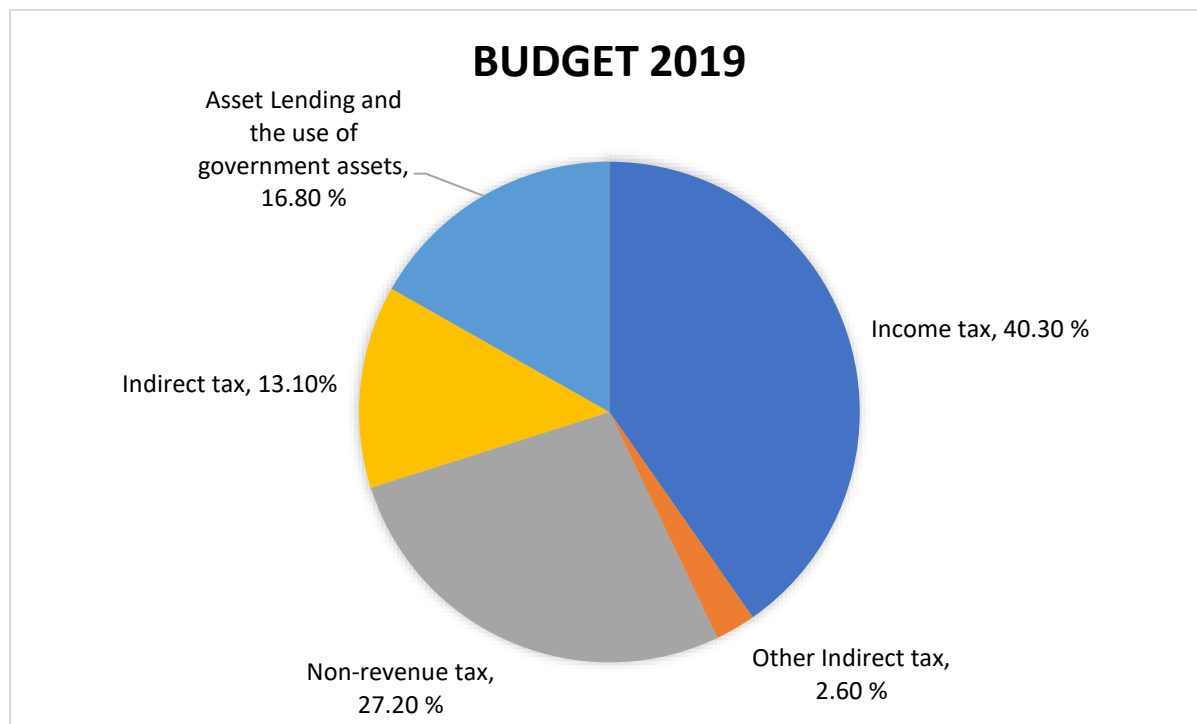


Figure 3: Quoted and modified from Budget 2019 (Ministry of Finance, 2018).

Figure 3 refers to the 2019 Budget, the Federal Government obtained a revenue of RM 314,550 million. Income tax still monopolizes the national income with the largest weight of 40.30% in the 2019 Budget compared to the income tax percentage of 42.60% in the 2018 Budget. The abolition of GST on 1 June 2018 is found to have no effect on the dependence on income tax but the dependence on government revenue is decreasing. against income tax with a decrease of 2.3%. However, the abolition of GST is discovered to have an impact on the indirect tax component where indirect taxes only obtained a revenue of 13.10% in the 2019 Budget compared to 22.80% in the 2018 Budget with a percentage decrease of 9.7%. The abolition of GST does have a large impact on indirect tax revenue in the 2019 Budget. Non-tax revenue showed a sharp increase by gaining 27.20% in the 2019 budget compared to 17.20% in the 2018 Budget with a percentage increase of 10%. This phenomenon clearly shows that the government uses non-tax revenue components as another method in increasing national income. Next, asset loans and the use of government assets are found to increase slightly by representing as much as 16.80% in the 2019 budget compared to 14.40% with a percentage increase of 2.4%. Other direct taxes showed the opposite in the 2019 budget with a decrease from 3% to 2.60% and a percentage decrease of 0.40%.

Budget 2020 (RM 297,020 million)

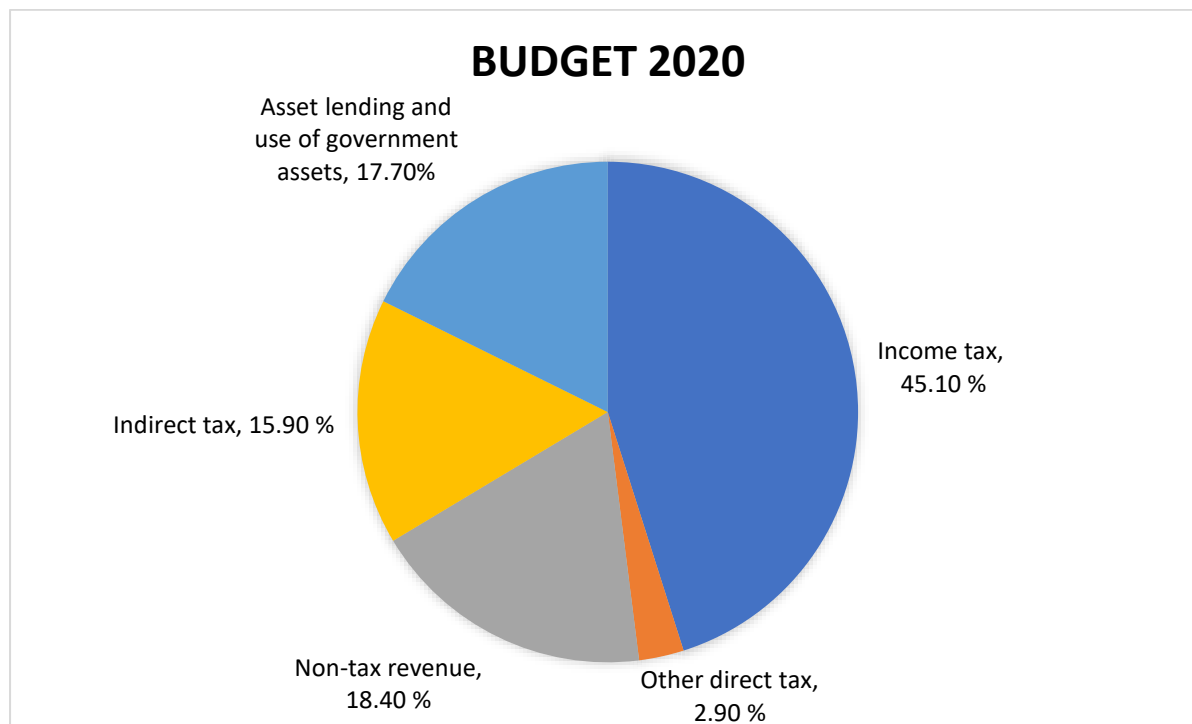


Figure 4: Quoted and modified from Budget 2020 (Ministry of Finance, 2019)

According to Figure 4 the Federal Government obtained a revenue of RM 297,020 million compared to the 2019 Budget where the Federal Government obtained a revenue of RM 314,550 million. The decrease in the 2020 budget compared to the 2019 Budget is RM 17,530 million. The decrease in the income of the Federal Government can be seen from the indirect tax aspect where the government implemented the abolition of GST and replaced it with SST. The implementation of SST is not able to obtain similarly to the GST tax, where traders and consumers are not be able to avoid paying the GST tax. The weakness of SST is found as a factor that contributes towards the reduction of federal government revenue, especially in the indirect tax component. The original purpose of implementing GST is to reduce the government's revenue dependence on income tax. This clearly shows that income tax dependency after the abolition of GST is seen to increase to 45.10% compared to the 2019 Budget which only covers 40.30% with an increase of 4.8%. Non-tax revenue represents 18.40% of the entire 2020 Budget compared to the 2019 budget which covers 27.20% with a percentage decrease of 8.8%. Next, the dependence on asset loans and the use of government assets is seen to increase to 17.70% compared to the 2019 budget which only covers 16.80% and a percentage increase of 0.9%. After the abolition of GST, indirect taxes only represented 15.90% of the total revenue of the Federal Government compared to the 2019 Budget which represented 13.10% with a percentage increase of 2.8%. The implementation of SST is still unable to compete with the revenue generated by GST. While other direct taxes only cover 2.90% compared to the 2019 budget which only obtained 2.60% and an increase of 0.30%.

#### Factor of GST Abolishment

Immediately after the PH Government's victory in GE-14, Tun Mahathir implemented one of the PH Government's manifestos, which was to abolish the GST system to ease the burden on the people. On 1 June 2018, the GST rate was lowered to 0% until it was completely



abolished by replacing the SST system that had been approved by the Malaysian Parliament. Now, it has been more than a year since the abolition of GST was implemented and the people hope to increase their purchasing power compared to the implementation of GST during the era of Datuk Seri Mohd Najib Tun Razak. However, people still complained about the high cost of living even after GST had been abolished.

Until now, the people are still complaining because the prices of daily necessities are still increasing, for instance, the price of petroleum is also consistently high and public transport fares are also increasing. The increase in the price of utility services also increased, house prices also continued to be out of control with the occurrence of significant price increases, car prices that are too expensive when compared to other countries, the influx of foreign workers that is increasing, the national debt that increases every year and the PTPTN debt that have to be borne by the graduates with an income that is not commensurate with the qualifications they have is a problem that still cannot be solved. The things that have been stated are questions that need to be given more attention by the government. The community still blames GST as a result of the increase in the price of goods and services (Abu Bakar, 2018).

According to Dr. Mohd Yusof (Johanna, 2018), there are four factors why the price of goods continue to rise after the implementation of GST. The first factor in the condition of traders' compliance with the GST system is still low with less than 50% of registered firms whereas the assumption used when GST has been implemented is that the level of compliance should be 100%. The second factor is weak enforcement from the authorities causing price manipulation in the market and the third factor is the still low level of understanding by traders, consumers and the authorities towards the consumption taxation system (Johanna, 2018).

The fourth factor is price pressure caused by the weakness of the ringgit currency which results in more expensive import prices, an increase in the minimum wage rate for labour and a monopolistic market structure. The first to third factors are no longer relevant when GST was abolished on 1 June 2018. However, the fourth factor is still seen as relevant. The effect on the price of goods caused by the abolition of GST may not have a profound effect or only be minimal because producers are still burdened by the cost of increased production caused by the cost of importing raw materials and increased labour costs (Johanna, 2018).

According to Informant 3 (2019), one of the factors for the abolition of GST is due to political factors. He added that the main reason for the abolition of GST is the insistence of the people which is aimed at political interests. The right time in using the GST issue is seen to be a factor in the victory of the PH coalition. The BN Government ignored the protests against the implementation of GST. The manifesto highlighted by PH is one of the people's wishes. The people are interested in the manifesto and the GST system should be abolished because it burdens the people. Therefore, PH won the people's support and gained victory in the 14<sup>th</sup> General Election.

The results of the interview with Informant 1, Informant 2 and Informant 3 (2019) stated that external factors such as the non-compliance attitude of traders who wanted to take advantage became the cause of the increase in the price of goods. In addition, the three informants also issued similar statements regarding the issue of traders using GST as the main reason for increasing the price of goods. The social issue is the traders themselves who are the cause of the increase in the price of goods leading to the abolition of GST.

In addition, all three informants stated the same thing that the GST abolition factor was due to weak GST enforcement. Next, the themes obtained by the three informants are social factors. All three informants stated that the GST abolition factor was due to the people's rejection which showed full frequency. Next, the themes obtained are political factors. All three informants stated the same thing when the informants stated that the GST repeal factor was caused by the change of government factor. Overall, the frequency obtained shows that social factors and political factors are the reason why the GST repeal factor is implemented according to Informant 1, Informant 2, and Informant 3 2019.

### Consumer Price Index

This analysis used the Consumer Price Index (CPI) data for the years 2015, 2016, 2017, 2018, and 2019. The CPI indicator shows that if there is an increase in the index, it means that the purchasing power of the people is decreasing. If the CPI indicator decreases, it means that the purchasing power of the people increases. This analysis answered the third research question which is the impact of the GST repeal as well as the influence of the GST repeal on the purchasing power of the people as shown in the diagram sourced from statistics from the Department of Statistics Malaysia.

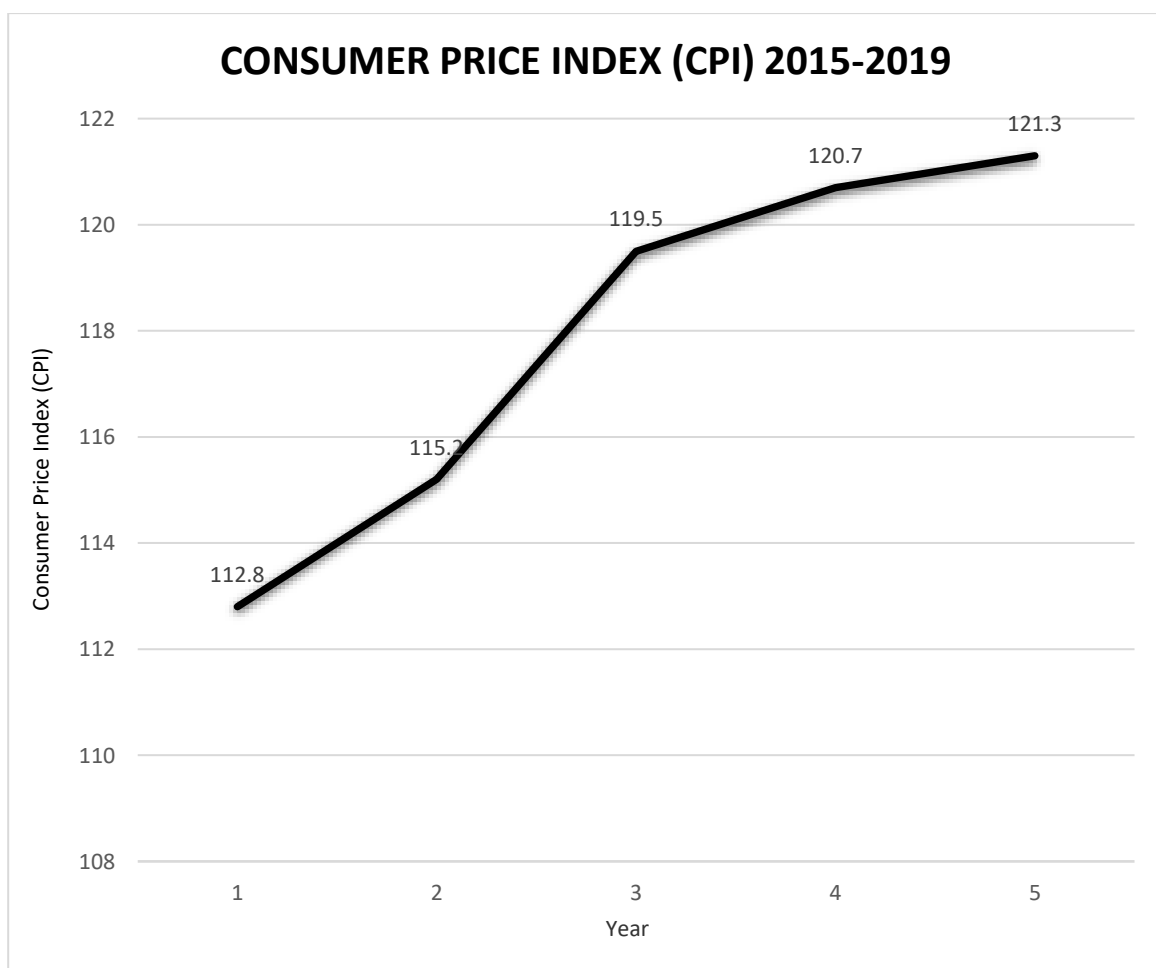


Figure 5: Source: Diagram of Consumer Price Index (Department of Statistics Malaysia, 2015-2019)

Table 1

Source: Department of Statistics Malaysia 2015-2019

Year	Consumer Price Index (Based Year 2010= 100)	Percentage of changes (%)
2015 (1)	112.8	2.1%
2016 (2)	115.2	2.1 %
2017 (3)	119.5	3.7 %
2018 (4)	120.7	1.0 %
2019 (5)	121.3	0.6 %

The increase in the consumer price index from 2015 until 2019 from Table 1 is a normal occurrence in the index. However, the sudden increase which is caused by various factors is the reason why PH's manifesto to abolish the GST system was very popular among the community. PH's manifesto that related to the taxation system is a system supported by most of the community which was the reason for PH's victory. After the abolition of GST, there is still the issue of the increase in the price of goods caused by government policies used by traders as an excuse to increase the price of goods.

Weak enforcement such as during the implementation of GST caused traders to take advantage of the policy changes made by the government. After almost a year of the implementation of SST, the government's main goal to increase the purchasing power of the people is seen to be less successful in controlling the price of goods. The impact of the abolition of GST which aims to increase the purchasing power of the people is not too significant as shown in Figure 4.5 and Table 4.5. In addition, the influence of the repeal of GST on the purchasing power of the people shows a reduction in the increase in the index, but the increase continues to occur after one year of SST implementation. This statement is supported by the Chief Statistician of Malaysia, Datuk Seri Dr Mohd Uzir Mahidin who stated that the CPI increased moderately after almost a year of the abolition of GST compared to 3 years of GST implementation which caused a relatively high increase in CPI (Business BH, 2019).

## Discussion

Based on the results of the study, three methods have been used, namely by using secondary data to investigate the relationship between national income and indirect taxes as well as government dependency after the repeal of GST. Next, to analyse the second research question, which is to obtain information on the GST abolishment factor from the interviews by analysing through the thematic analysis method. The results of the interview patterns obtained can be concluded as a whole by finding patterns between the three selected informants as well as related articles and related previous studies. In addition, the third research question was answered using of the consumer price index obtained from the Department of Statistics Malaysia. The application aims to find the relationship between the impact of the repeal of GST on the purchasing power of the people.

The abolition of GST is linked to the People's Sovereignty Theory, which is one of PH's manifestos to abolish GST to increase the purchasing power of the people. Because of this, the opposition came up with the idea of abolishing GST as one of the tools to win GE-14. Although the GST is seen as part of the reason for the PH government's victory, GST plays an important role because the government's policy related to the taxation system is a sensitive

matter for the people because it involves the price of goods. The use of the concept of finance which states that public finance is a branch of economics that studies government activities and alternative ways to finance government expenditure. The opinions of scholars who issued the concept of public finance were used to support the application and clarify the relationship between studies related to the Theory of People's Sovereignty in further strengthening the studies related to the PH manifesto regarding the impact of the repeal of GST on the purchasing power of the people and national income.

The application of the concept of public finance states the role of the government in the economy and the impact on the use of resources and the well-being of the people plays an important role. Because of this, the people believe in the PH's manifesto and believe that through the abolition of GST, the purchasing power of the people can be increased. This study shows that the purchasing power of the people decreases every year with the increase in the consumer price index every year. Various factors found such as the attitude of traders who want to maximize profits are one of the factors why the GST taxation system is used as a weapon to bring down the BN Government.

Other factors were found based on the interviews conducted stating that the abolition of GST is not able to increase the purchasing power of the people as long as traders did not comply with government regulations and enforced laws related to taxes holistically. The hope of the people to increase their purchasing power through the abolition of GST is also ineffective. This is because it is not only the government's policy factors that cause the increase in the price of goods but it is also contributed by big traders who monopolize the market use the transition of the taxation system as an excuse to increase prices even though such things do not happen.

The scenario that occurs is caused by the weakness of GST implementation where the enforcement was quite ineffective even though the rules set by the Royal Malaysian Customs are strict. Besides, the abolition of GST is not seen to be too significant in lowering the price of goods because the price increase is still happening. This is supported by the information obtained from the interviews which the informants agreed that the abolition of GST is not found to be the alternative to control the price of goods and services but the exact enforcement is necessary for price control purposes.

The original purpose of the implementation of GST was to reduce dependence on petroleum tax and income tax was seen to successfully reduce dependence on these two components. However, after the abolition of GST, the dependence on income tax continued to increase where the dependence on petroleum tax also increased even though it depends on the global price of crude oil that is not controlled by the government. Hence, the abolition of GST is a way to restore dependence on components whose results are not certain for national income.

The implementation of GST in 2015 is expected to find other alternatives apart from the uncertain component of its income. If the government emphasizes indirect income tax, this will reduce the purchasing power of the people because direct taxes such as income tax are levied directly by the Inland Revenue Board (IRB). However, it can be seen that the abolition of GST increases the dependence on income tax in 2019 where 45% of national income is derived from Individual, Company, Petroleum, holding and other income taxes which are placed under the direct tax category under the 2020 Budget.

The abolition of GST was expected to increase the purchasing power of the people but unfortunately this did not happen. According to the informants who were interviewed, the

patterns obtained from the three informants show that the abolition of GST is unnecessary and only an improvement in the system as well as increasing the enforcement of the existing tax system in order to reduce the waste of changing government policies which cost quite a lot. Anything that happens in relation to the increase in the price of people's goods accuses government policy as the main cause of the increase although there are still many external factors that cause the price increase to occur.

The findings in this study showed that the government needs to control the monopoly of large traders of basic goods such as food as this is seen as one of the measures and methods to control the sudden increase in prices. This step should be implemented in order to give the people choices so that healthy competition would occur among traders. Besides, the government should not make way for capitalists and the people should not feel forced to buy goods because there are other affordable alternative options.

### **Conclusion**

Overall, this study found that the abolition of GST is unnecessary because GST is a modern system that has been adapted along with the changing times where the enforcement of GST is seen to be able to overcome the problems faced by the old tax system which is SST. However, although there are benefits if the implementation of SST continues, the positive impact is more on the implementation of GST. No matter what type of indirect tax is implemented by the government, cooperation from businessmen and consumer awareness of the existing taxation system must be in line with the government's desire to increase national income for the well-being of the people and the country.

Comprehensive enforcement from the authorities, namely the Royal Malaysian Customs (KDRM) as well as relevant regulations in accordance with the user's ability still requires a detailed study to ensure that the taxation system policy imposed by the government is not burdensome and at the same time beneficial to the government, traders, and the users. An efficient taxation system and minimal leakage as a result of the optimal use of national income can benefit in the long term if all parties play their respective roles in making the government's policy a success, especially the policy of the national taxation system.

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