

GST: THE MALAYSIAN STUDENTS CONTEXT & EXPERIENCED

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ABSTRACT

The implementation of GST by the Malaysian government on 1st April 2015 contributes towards various perceptions and effect from Malaysian society, either positively or negatively. The main problem to be highlighted here is that the government applied GST and it is compulsory on every society members regardless their status (working or students) while the fact is that those students have no source of income. This is because the government did not make any exceptions on students regarding the GST payment. Therefore, this study is attempted to explore the issues related to the effect of GST implementation towards students in higher learning education and to identify relationship between awareness and knowledge on GST implementation to students' lives. Descriptive analysis such as frequencies and mean comparison, as well as inferential statistical analysis i.e. ANOVA F-test, Pearson Correlation, Linear Regression as well as Mean test has been utilized. This study resulted with the indication that both awareness and knowledge level have no or negligible relationship towards the effect level of GST implementation towards the students. This research manages to discover that GST gives a great impact to students' lives in higher learning education.

Keyword: Awareness, Knowledge and Understanding, the effect of GST

INTRODUCTION

The implementation of Goods and Services Tax (GST) by the Malaysian government on 1st April 2015 contributes towards various perceptions and effect from Malaysian society, either positively or negatively. Thus, the action taken by the government have triggered some parties to accept or reject the idea of the GST implementation. Due to this governmental action and the Malaysian society's reactions, have raised various types of questions including the society's level of knowledge towards the subject itself, GST. The main question what is the effect of GST to Malaysians and in this case higher learning institutions or universities.

In Malaysia, the taxation is imposed by the federal legislation, passed by the Parliament. Since the introduction of tax legislation in Malaysia, there were numbers of changes made to this legislation. For example, changes in year assessment, implementation of e-filling, several changes in income tax rate and the latest changes was government's intention to implement

Goods and Services Tax (GST). This issue has been debated for several years in the Parliament. GST is a tax on consumption of goods and services to end user. GST is also known as value added tax (VAT) in other countries such as United Kingdom, Finland and Canada. GST has been implemented in more than 146 countries including Australia, Hong Kong and Singapore as part of their revenue. The range of the tax is between 5 percent and 24 percent. (K. Saira, M. A. Zariyawati & L. Yoke-May).

A study conducted by (Csontos, et al., 1998) in Hungarian found that many citizens are not aware of the numerous kind of taxes levied on them. They have very limited knowledge on government true expenditures and the cost of public services provided by the state government. This poor awareness has created many misconceptions on the true value of tax. Many have underestimated the tax burden needed in sustaining public services. This situation is not only unique in European countries as Cullis and Jones (1992) investigated the level of tax knowledge and awareness in the UK arrived at similar conclusions.

Same situation occurred in Malaysia regarding the governmental implementation of GST. The real issue started from the announcement of the implementation of GST by the government that was made during the presentation of Budget 2014. The impact of the announcement has led to the shock of the society and some of them instantly refuse to accept the soon-to-be-implemented tax without gaining sufficient level of literacy regarding the tax scheme first.

Thus, this investigation was done on the level of awareness and the knowledge of GST among the university students in Malaysia as they are one of the mostly affected ones on the implementation. This is to make them realise their awareness level and knowledge level about GST thus they would understand the effect of implementation of GST as a whole.

LITERATURE REVIEW

According to the Royal Malaysian Customs Department, GST is a multi-stage consumption tax on goods and services. GST is also known as VAT or the value added tax in many countries. GST is levied on the supply of goods and services at each stage of the supply chain from the supplier up to the retail stage of the distribution. Even though GST is imposed at each level of the supply chain, the tax element does not become part of the cost of the product because GST paid on the business inputs is claimable. Hence, it does not matter how many stages where a particular good and service goes through the supply chain because the input tax incurred at the previous stage is always deducted by the businesses at the next step in the supply chain (Hock, C.T. and Yew, T. E. 2010).

GST is a broad based consumption tax covering all sectors of the economy i.e. all goods and services made in Malaysia including imports except specific goods and services which are categorized under zero rated supply and exempt supply orders as determined by the Minister of Finance and published in the Gazette.

The basic fundamental of GST is its self-policing features which allow the businesses to claim their Input tax credit by way of automatic deduction in their accounting system. This eases the administrative procedures on the part of businesses and the Government. Thus, the Government's delivery system will be further enhanced. Society needs to pay taxes so that the government can finance socio-economic development; which includes providing infrastructure, education, welfare, healthcare, national security etc. (Royal Malaysian Customs Department, 2014).

The shift of Malaysian tax system to GST which was introduced in 1 April 2015, contributes to numbers of changes made to Malaysian tax legislation. This system requires all goods and services (excludes few necessity items) will be charge at 6% to be includes in the final selling price paid by end users including all group of ages.

Despite the increasing popularity and success of GST implementation around the world (Hooper & Smith, 1997), Malaysian citizens are not entirely convinced and satisfied with this new tax scheme. The debates mainly centred on the advantages and disadvantages derived from the new tax initiative and the pressure to the lower income populations.

Besides that, the informality and confusion surrounding the Service Charge has caused misconceptions amongst the public, many of whom believe that the 10% levy is a tax from the government. With the confusion surrounding the 6% Goods and Services Tax (GST) replacing the 10% and 6% Sales and Services Tax (SST), many consumers believe that the Service Charge will be consolidated into the 6% GST. The public will receive an unwelcome surprise when the 10% and 6% charges remain on their bills post-April 2015. With the Service Charge currently unregulated, it could have repercussions to the consumer sentiment if left unchecked (Jarren Tam, 2015).

Based on the early impact assessment done by Maybank in April 15th 2015 by Kim Eng, there are mixed impact on prices of goods and services. Firstly, the car prices are lower by up to -5% (simple average of -1%). Secondly, prices of especially processed food and beverages are higher. Thirdly, there are some businesses or industries that are absorbing the GST charges. Fourthly, although public transport exempted from GST but fares are rising, beginning with taxis, with more coming. Last but not least, post-GST issues on several categories of goods and services e.g. “flip-flopping” on the price of Telco’s prepaid reloads; “legality” of the 10% service charge at hotels and restaurants.

Based on the result of a pre-GST study conducted by Amanuddin, Ishfaq, Afifah, FatinZahari, and Farhana in 2014 that studied on the educators’ awareness and acceptance towards GST implementation, some conclusions can be derived. In summary, the results indicated that most of the respondents (93.8%) have shown high level awareness of the GST implementation system that is being proposed by Government. Similarly, 79.6 % of the respondents have shown a high level of awareness on the full implementation of GST. Meanwhile, many respondents are still having moderate knowledge on their (tax-payers) responsibility as far as GST is concern (65.5 %). This is further supported by the moderate level of information provided by the relevant authorities on the GST implementation (60.2 %). The result is consistent with the previous study by Saira et al., (2010) which shows that the respondents seems to agree with the implementation of GST proposed by the government if they really understand about the GST. In terms of promotion, the relevant authorities failed in their duties since majority of respondents indicate a low level of awareness (35.4 %) due to insufficient promotion. Most of the respondents (27.4 %) also felt that they are not ready to embark on GST and hence they also think that Malaysians are not ready as well (12.4 %). The result is consistent with the previous study by Palil and Ibrahim (2011), which showed that the respondents also did not ready to support the Government when GST is implemented. On the acceptance level, total mean scores are 17.56, which fall under moderate category. The individual items mean scores are all above the average (2.5). This indicates that majority of respondents have a moderate to high level of acceptance on the implementation of GST in Malaysia.

Given the decision of Malaysian government in implementing the GST to all groups of societies including the students in higher learning education, therefore the objective(s) of this study is attempt:

- i. To scrutinize the relationship between awareness and knowledge with the effect of the GST implementation to the students in higher learning education.

METHODOLOGY

In this research, the dependent variable is the effect about GST among higher education student or known as university students. According to merriam-webster.com effect is a change that results when something is done or happens: an event, condition, or state of affairs that is produced by a cause. The independent variable is focused to two variable. The first variables are awareness of students at Malaysian higher Learning education Malaysian higher education students with the implementation of the new tax scheme GST. The second variable would be the level of knowledge of the Malaysian higher education students of the implementation of GST.

One of the fundamental ways to increase public awareness is through knowledge (Mohani, 2003). (Tan & Chin-Fatt, 2000) asserted that tax knowledge can be imparted through general understanding on the tax regulations. Knowledge provide the taxpayers with the ability to comprehend the need for a new tax reform and this would eventually promote compliance (Singh, 2003).

In this research paper, the hypothesis can be develop as the effect on GST have peaceful impact on the perception.

Hypothesis 1:

H1a: There is a relationship between the GST awareness levels of students towards the effect of GST among students at Malaysian higher learning education.

Hypothesis 2:

H2a: There is a relationship between the GST knowledge level of students towards the effect of GST among students at Malaysian higher learning education.

Pearson correlation analysis was used to inspect whether there is any relationship between awareness and knowledge level of student in higher learning institution towards the effect of GST upon them. This analysis will indicate the direction, strength and significance of the multivariate relationship of the two variables in this research. According to Sekaran (2003), theoretically these could be a perfect positive or negative correlation between two variables (Independent and dependent variables) which represented by 1.0 whether it is positive or negative. A significance of $p=0.05$ is generally accepted in social science research.

The total number of questionnaire distributed were 470 sets of questionnaires. However, there are only 300 responds categories as valid respondents. These questionnaires are later analyzing as according to Roscoe (1975), sample sizes larger than 30 and less than 500 are appropriate for most research. Thus, the study fulfills the rule of thumb set by Roscoe (1975).

Briefly, sets of questionnaires have been distributed to various higher learning institutes located in Selangor and Klang Valley mainly in Selangor International Islamic University College (KUIS), and also such as International Islamic University Malaysia, Petaling Jaya

(UIA PJ), National Technology University (UniTeN), University of Technology Malaysia Shah Alam (UiTM Shah Alam) and University of Kuala Lumpur Malaysia France Institute (UniKL MFI).

The questionnaire was developing based on the adaption of prior research by KPDKKK and has amended according to the objectives of this research. The questionnaire was made up of a total number of five sections or parts. Part A consists screening process questions which is the preliminary for the respondent's answer to be accepted, for example, higher learning institutes and also their respective course field of study. Part B follows with 10 close-ended questions that measure their knowledge regarding GST. Part C involves 5 scale-type questions that test their awareness towards the implementations of Goods and Service Tax (GST). Part D represent Effect and Implementation Question with 5 question asked also in 3 scale-type questions. Last but not least 4 questions were asked in section E to collect respondents' demographic information such as their gender, age, and race.

The result of measurement and validity of Cronbach Alpha were as follows:

Table 1: Realibility Statistics

Items	Cronbach Alpha	No. of items
Knowledge and Understanding	0.785	10
Awareness	0.883	5
Effect	0.853	5

Table 1 show the measurement and validity of Cronbach Alpha were between 0.70 until 0.9 which indicates good and acceptable.

FINDINGS AND ANALYSIS

H1a: There is a relationship between the GST awareness levels of students towards the effect of GST among students at Malaysian higher learning education.

Table 2: Correlation between Awareness and Effect

Variables		Awareness	Effect
Awareness	Pearson Correlation	1	0.179**
	Sig. (2-tailed)		0.002
	N	300	300
Effect	Pearson Correlation	0.179**	1
	Sig. (2-tailed)	0.002	
	N	300	300

** Correlation is significant at $p < 0.01$

The first hypothesis of the study concerned the relationship between awareness and effect of GST implementation among students at Higher Learning Institutions. The results in Table 2 shows $r=0.179^{**}$ and the significant value at 0.002. This indicates there is no or negligible

relationship. In conclusion this study seems to reject H1a which mean awareness does not have any effect of GST towards students at higher learning institution.

H2a: There is a relationship between knowledge and understanding level towards the effect of GST on students at higher learning institution.

Table 3: Correlation between Knowledge and Understanding and Effect

Variables		Knowledge and understanding	Effect
Knowledge and Understanding	Pearson Correlation	1	0.134**
	Sig. (2-tailed)		0.002
	N	300	300
Effect	Pearson Correlation	0.134**	1
	Sig. (2-tailed)	0.02	
	N	300	300

** Correlation is significant at $p < 0.01$

The second hypothesis is regarding the relationship between knowledge and understanding towards the effect of GST on students at higher learning institution. The results in Table 3 shows that Pearson correlation between knowledge and understanding and effect of GST is at $r=0.134^{**}$ indicates no or negligible relationship and significant value 0.02 which greater p value. In conclusion H2a is rejected.

DISCUSSION AND CONCLUSION

From the analysis above, it was concluded that awareness and knowledge & understanding on GST do not give effect to the GST implementation towards students at Higher Learning Education. Government still imposes GST and all nations will be charge for every goods or services that they are consumed.

Goods and service tax (GST) had brought a massive change in everyone life despite of age, races and social status. In overall, the result in this study may indicate that both awareness and knowledge and understanding have no or negligible relationship with the effect of GST implementation to the students in higher learning education. This research manages to discover that GST give a great impact to students' lives in higher learning education. Some of the effect studied in this research was agreed by the respondent who are students in higher learning education which are GST increases their living expenses and caused the changing of their lifestyle. But some the effect studied were disagreed such as GST gives benefit and GST increases their debts.

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