Malay Mail - GST Now Imposed On Research Grants

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KUALA LUMPUR — Public universities are now having to contend with budget cuts, and academics are also getting less money for research grants due to the Goods and Services Tax (GST).

The Customs Department said the GST imposition on research grants started in April 2015 when the government rolled out the six per cent consumption tax. A Higher Education Ministry (MOHE) official said the imposition of the GST on its research grants only came into effect in August 2016.

According to department's deputy director général Datuk Zulkifli Yahya most research grants — whether they were from government, universities, private companies or statutory bodies — are subject to the GST, but some would not be taxed, especially if the grant was between a ministry and a statutory body.

"The GST is not imposed on the grant itself. The GST is imposed on the supply derived from the grant,"

According to Zulkifli, the MOHE wrote a letter to all universities last August to inform them about this.

Customs Department GST director Ahmad Maher Abd Jalil told Malay Mail Online that a research grant was perceived as a "consideration", and hence subjected to the GST, if the grant provider received "material benefits" from the research.

MOHE Institutions of Higher Education Excellence Planning Division director Prof Dr Raha Abdul Rahim said the GST was imposed on all MOHE research grants that "have an element of output and services".

"It was implemented on last year's grants accordingly," she told Malay Mail Online.

Public universities had their combined operating budgets for this year cut by about 19 per cent, or RM1.5 billion, with 10 of them facing massive cuts ranging from over 10 per cent to over 31 per cent.

Local daily *Berita Harian* reported Monday the Malaysian Academic Association Congress as saying that almost 6,000 lecturers, including professors, did not have their contracts renewed since last year due to financial constraints faced by public universities.

But the MOHE reportedly rebutted the claim, saying that since 2012, only about 2,000 lecturers retired, were laid off or did not have their contracts extended.

Some researchers whom Malay Mail Online interviewed lamented the taxation on research grants amid greater difficulties in getting funds.

"In a nutshell, it adds to the cost of doing research in an already difficult environment," said Professor Dr Adeeba Kamarulzaman, dean of medicine at Universiti Malaya's faculty of medicine.

Daniel Kong, a civil engineering lecturer at Monash University, said he was informed in the third or fourth quarter last year about the GST imposition on research grants.

"Wouldn't say it is harder, but it just means less money for the actual research as most proposals prepared did not factor in the GST," Kong told Malay Mail Online, when asked if the tax made it more difficult to get funds.

He added that "all" Malaysian-sourced research funds were taxed under the GST, but not international sources, for example a grant from an Australian research council or from a company based in the UK.

Kong said previously research grants from MOHE or the Science, Technology and Innovation Ministry were inconsistent as some years, they would suddenly announce that there would be no second round of funding.

Teo Wee, associate professor at Heriot Watt University's school of energy, geoscience, infrastructure and society, said one would have to accept the taxation of research grants.

"Securing grants is getting harder, but what is worse is they are cutting the grants. We have to live with it," he said.