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Malay Mail - Ministry Probes Firms That Ceased Ops After GST

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SECOND FINANCE MINISTER
Datuk Johari Abdul Ghani said the investigation was aimed at determining whether the closure of the companies was related to the implementation of the GST.

The ministry had received several reports that some businesses closed to avoid their tax evasion records under the Sales and Service Tax (SST) being detected by the GST system, he said when winding up the debate on the Supply Bill 2018 for his ministry.

“Most of these companies, that have been operating for 18 to 20 years, paid 10 per cent SST at a certain sum. (However) when we implemented the GST, they had to pay three times more tax than the SST,” he said.

The higher tax amount is due to the GST transparency, preventing these companies from concealing their business volume under the SST system.

“So, what they did was to close the old companies for fear of their track records during the SST era being detected under the GST. Hence, they transferred all assets to new companies they had opened and started the GST system under these new companies.

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“They did this so that the government could not track their records under the old companies,” he said, adding that various reasons were given for the closure such as losing business interests and wanting to hand over business to others.

“All these are going to be very legalistic issues. So what do we do? We say, okay. If you want to close shop, fine. But we will investigate the closed companies,” he said.

The GST was enforced on April 1, 2015 at a rate of six per cent, replacing the SST regime — Bernama

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