

## ABSTRACT

Goods and Service Tax is a new tax regime introduced by the Malaysian Government to promote efficient and transparent tax system in Malaysia. In order to govern the implementation of GST, Goods and Services Tax Act 2014 was gazetted and came into force on 13<sup>th</sup> October 2014. The primary government authority to enforce the Act, is the Royal Malaysian Custom Department. GST is consumption tax and is liable upon entity which is registered with the Royal Malaysian Custom Department. Hence, unregistered person or entity shall not be allowed to charge GST or to claim the GST charged to them by the immediate supplier. It is envisaged that GST is a flow through tax and shall not result as a cost to the business.

Due to its nature that is consumption tax, GST will also be imposed to private institution of higher learning such as UTP. The act has defined that the entity which is registered under Private Higher Educational Institution Act 1996 (Act 555) is categorized as exempt supply where GST will be imposed onto the entity each time it acquire goods/material, but it is not allowed to be passed on the customers. It is undeniable that, GST will then be a cost to the business.

UTP's primary objective is to provide tertiary education to deserving students. UTP being the education arm for PETRONAS, the National Oil and Gas Company in Malaysia, provides tertiary education in engineering and technology, particularly related to energy, oil & gas. In its quest to provide the service, UTP acquires goods and material to provide educational delivery services to the students. Acquisition of these items attracts GST but UTP is not allowed to pass the tax to the students.

The philosophy of exempt supply is to relief the burden of tax from the consumers although they consume the service. However, this philosophy makes GST a cost to the business instead of its original intention of being a flow through tax to business entity.