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Consumers unfazed by 10pc LVG tax

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KUALA LUMPUR: The implementation of the 10 per cent sales tax on low-value goods (LVG), which applies to goods imported into Malaysia and sold for less than RM500 through e-commerce platforms, does not have a significant impact on consumers.

Buyers from various online platforms in Malaysia said they do not perceive the LVG tax introduced on Jan 1, 2024, as a burden and appear undeterred in their pursuit of buying items online.

Prisca Empiang Robin, a local university student in Selangor, who describes herself as a frequent user of personal shopping services, said there is no significant difference between buying online items through a personal shopper before and after the implementation of the tax.

"I always make purchases through a personal shopper whenever there is a sale or when the desired items are unavailable in Malaysia, particularly for cosmetics and shoes."

"Usually, most personal shoppers have consistently applied a standard service charge, ranging from RM5 to RM10, depending on the difficulty of getting the items," she said.

Prisca also said she plans to purchase more items from overseas through a personal shopper as long as the service charge stays reasonable, but she would also support local products.

Nisya Syafinas Banuddin, a financial manager, also said the tax would not hinder her from making any purchases from abroad in the future.

"Despite the tax, I plan to continue buying more items from a personal shopper, and I am also open to supporting local products," she added.

Meanwhile, Faiqah Nasuha Kamarud-

din, a writer who occasionally made overseas purchases through a personal shopper, noted some price changes but said they were not significant.

"In my opinion, from the personal shoppers I have been following on social media platforms, I do not see any drastic changes in mark-up. Yes, there are some changes, but (they were) not too much," she said.

Faiqah added that she usually shops with a personal shopper only when she wants to buy something that is not available in Malaysia, such as skincare or make-up items.

However, she is planning to buy more items from a personal shopper in the future and intends to support local products.

"Nowadays, there are good-quality local make-up and skincare products in the market. So, I try to opt for local products (versus products from abroad) because they are more cost-effective, and the quality might be on a par with those hyped-up overseas products," she said.

In a similar vein, the International Entrepreneurs Chamber Malaysia (IECM) believes several initiatives, such as providing financial incentives and creating marketing campaigns to highlight the value of Malaysian goods, would boost local industries.

IECM President Badariah Badaruddin said aligning with LVG charges may involve tailoring incentives for businesses that comply with sustainability and environmental standards.

She said marketers and businesses can effectively leverage the promotion of local goods by emphasising their quality, unique selling points, and positive impact on the environment.

"Crafting compelling narratives around the cultural significance of Malaysian local products and showcasing collaborations with local artisans can also influence consumer behaviour," she said.

She further said opportunities for collaboration between government bodies, businesses, and community organisations could involve joint marketing campaigns, educational initiatives, and events promoting local products.

Creating a platform for information exchange, offering financial support for small businesses, and fostering partnerships with local communities can contribute to sustained efforts in response to the LVG tax implementation.

Nevertheless, Badariah said among the challenges in encouraging support for local products due to LVG taxes may include price competitiveness and consumer perception.

"To address these challenges, businesses can focus on communicating the added value, uniqueness, and sustainability of local goods."

"Implementing targeted marketing strategies and price adjustments, where feasible, can help mitigate resistance," she added.

The Royal Malaysian Customs Department (RMCD) has started charging a 10 per cent sales tax on imported LVG sold online since Jan 1, 2024.

Malaysia was supposed to impose the 10 per cent LVG tax on goods sold below RM500 online effective April 1, 2023, under Budget 2022, but the RMCD postponed the implementation in March last year. — Bernama



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SUMMARIES

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