Exempt e-books from GST

The Sun (News Without Borders Section)

PETALING JAYA: The Malaysia Booksellers Association is calling on the government to exempt e-books from the soon-to-be implemented Goods and Services Tax (GST) to allow growth in the local industry.

MBA president Keith Thong said there are only three e-book companies in the country accounting for only 1% of revenue in the book-selling industry but they make up a substantial percentage globally, especially in education.

“In the global education sector, reading materials were initially 30% digital and 70% physical, but now it is 70% digital and 30% physical, and people buy in bulk to put it in their research database.

“If you look at research in universities, most university students do their research online and it is very rare for them to research physically in libraries,” Thong told theSun yesterday.

However, the opportunity would be wasted if GST is applied on e-books as foreign e-book companies are exempted, giving them a tax advantage over the budding local industry and stagnating growth as a result.

“The e-book industry is still insignificant, but let it prosper and don’t kill it in its infancy. Other countries like Thailand, Singapore and the US can sell to Malaysians without being taxed,” Thong said.

Furthermore, taxing e-books would discourage a growing digital readership in Malaysia, and that would contribute negatively to the government’s goal of cultivating a reading habit.

Thong has appealed to Deputy Finance Minister Datuk Chua Tee Yong to exempt e-books from GST and said the Library Association of Malaysia will have a meeting with fellow librarians today at the National Library to discuss the matter.

Thong is also trying to confirm with authorities if research and development journals from universities will be exempted.

The government announced that all reading materials will be exempted from GST except for magazines, which are considered as consumer goods.