

THE IMPACT OF GST ON THE SPENDING PATTERN OF STUDENTS FROM THE FACULTY OF ACCOUNTANCY, UITM PUNCAK ALAM, SELANGOR

Nadiah Abd Hamid¹, Nurul Mardhiah Harun², Bedah Ahmad³ and Mastora Yahya⁴

^{1,2,3} UITM Puncak Alam, Selangor, Malaysia

⁴ KUPTM Cheras, Kuala Lumpur, Malaysia

nadiah_hamid@yahoo.com

ABSTRACT

The implementation of GST in Malaysia as of 1st April 2015, which replaced the current Sales and Service Tax (SST) is viewed as a more efficient tax to manage and to generate greater revenue collection for the government. This multi-tiered tax rate of 6 percent is finally borne by the end users who consumed the goods and services regardless of their income levels. As a result, even non-income earners such as students are inevitably bearing the rising price of their consumed goods and services. This study aimed to investigate the level of GST knowledge among the final year students in the Faculty of Accountancy, UiTM Puncak Alam. The students' knowledge and perception on issues related to GST implementation were found to have certain impacts on their spending pattern. Evidently, the findings revealed that students who have much information about GST implementation and in cases where they perceived that

GST is an unfair and unequitable tax system, both situations are highly likely to have significant effects on their spending trend.

Keywords: The effect of GST, students' knowledge, spending pattern

INTRODUCTION

In Malaysia, the intention to introduce Goods and Services Tax (GST) was mooted since Budget 2005 when the government first announced that GST would be replacing Sales Tax and Services Tax (SST). However, on 22 February 2006, the implementation of this proposed tax was postponed to give sufficient time for traders to prepare their business for the implementation of the new tax, adopt suitable software for the business and provide adequate training to staff involved in GST transactions. Finally, on 1st April 2015, GST was fully

implemented by the Malaysian government (RMCD, 2015), with the aim to reduce the continuous budget deficit and to prepare the nation in times of economic uncertainty. In addition, the recommendation for GST by International Monetary Fund (IMF) mainly opens up the pathway to enhance the effectiveness and efficiency of Malaysian Taxation system (Ling et al., 2016).

The previous tax regime has many inherent weaknesses which make the administration more difficult due to embedding factors that lead to double taxation. During the enforcement of the previous SST, some level of distribution was required for each stage of the supply and the tax was charged according to the type of manufacturing, sales or services provided by the licensee. The implemented SST had cascading, multiplying and factoring effect, which on the whole led to double taxation on the consumers but yet lower revenue to the government as there were more opportunities for evasion with SST.

However, the newly implemented GST is not completely free from any problems and past literature have discussed several issues and problems related to GST implementation (Ling et al., 2016; Kadir, Yusor & Hassan, 2015; Shaari, Ali & Ismail, 2015; Palil & Ibrahim, 2011; Csontos, Kornai & Torth, 1998). Currently, the escalating inflationary pressure in Malaysia is due to the recent cutback of petrol subsidies (Ling et al., 2016). The relatively high cost of living particularly in big cities like Kuala Lumpur, Penang and Johor Bahru has

persistently stimulated the inflation and consequently, the significant general price increased due to GST has further worsen the situation (Palil & Ibrahim, 2011). As a result of the increase in prices of several products in the market, it has affected the consumers' consumptions behaviour where people are more prudent and selective in their purchasing (Palil & Ibrahim, 2011). Another consequence of the GST implementation is that it may cause greater burden on households which are less well-off (Ling et al., 2016). These low income groups will be affected due to their high sensitivity towards the consumption patterns (Kadie et al., 2015).

One of this low income group is the student are also affected with the implementation of GST since they are no different from any other consumers who consumed goods and services (Shaari et al., 2015). The type of spending made by students includes toiletries and cosmetics, entertainment, books and magazines, fast food, clothing and footwear and others. All of these goods are GST chargeable at standard rated. According to Ministry of Higher Education, there are 1,134,134 students enrolled in Malaysia higher education institutions with almost 100,000 of them are international students (MOHE, 2015). These students are studying at 49 universities, 23 university colleges and 411 colleges. Therefore, the sizeable populations of higher education students who are non-income earners are also affected with the GST implementation.

Implemented on 1st April 2015, GST is relatively a new tax in Malaysia.

Hence, the literature reviews on GST implementation in Malaysia is still scarce especially material related to the awareness of public. One of the earliest studies on GST conception and readiness in Malaysia discussed general public awareness towards GST. The study shows significant relationship between tax knowledge and tax awareness of Malaysian which implies that it is easier for them to study and comply with the tax rules if they possess knowledge about it (Tayib, 1998 & Mohani, 2003). In another study by Tan and Chin (2000), they emphasize on the government's failure to deliver GST information to the public, and their finding concludes that the Malaysians understanding and knowledge of GST are still at the introductory level. Abdul Rashid, Mohammed & Mohd Saheh (2005) studies on the level of awareness among owners of Small and Medium Enterprises (SMEs) towards GST implementation. They found that the SMEs' level of readiness to new tax reforms (GST) is low as SMEs owners are lacking in the knowledge of GST concept and implementation. All these studies indicate that comprehensive GST training should be given to the SMEs owners to equip them with the necessary knowledge not only as a preparation for real adoption of GST but also as an on-going training in the execution of GST. Such training is deemed necessary since implementation of new tax is always unwelcomed by the public and reinforcement of a new tax system needs continuous effort. Obviously, in one of the study by Saira, Zariyawati and Lokey-May (2010), they

highlighted the initial public resistance and uncertainty on the imposition of new regulation such as GST due to lack of familiarity with the new system. As a result of the poor dissemination of information, people are discouraged to accept GST implementation since they are engulfed by the assumption of price increase and inflation (Palil & Ibrahim, 2010).

2.0 LITERATURE REVIEW

The following subsections discuss on the level of knowledge of GST implementation among students' and how this new tax reform affect students 'spending pattern.

2.1 Level of Knowledge Of GST Implementation Among Students'

The shift from Sales and Services tax (SST) to Goods and Services Tax (GST) in Malaysia has brought significant changes to the Malaysian tax legislation. For the system to be fully operational and effective, it is important that not only the system must be well implemented but people must be made aware of the system. Thus, people must have the knowledge of how GST is implemented and the correct perception of the tax system, to ensure that they do not engage themselves in evading the tax. For the government, creating public awareness and knowledge on its new tax initiative is necessary to win public acceptance and trust, especially when it relates to issues in taxation (Callis & Jones, 1992). Some of the important factors in ensuring competency in tax

collection are the public perception of tax fairness, their tax knowledge and understanding, and their outlook towards quality of taxation service. This could influence taxpayers' satisfaction and their compliance behaviour (Boonyarat, 2014). Furthermore, in order to have smooth commencement of GST, employees who are involved in tax activities needs to enhance their awareness and knowledge in tax as a role model to other employees (Raman, 2010). In another study Palil, Mohd Khair & Wan Ahmad (2013) discusses on the relationship between tax knowledge, tax compliance and religion influences (2013). Although it does not touch on many issues around GST, it still focuses on the connection between tax knowledge and tax awareness. When individuals have knowledge related to the tax system, people will be more willing to respect the tax system and that improves their awareness.

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From the literature, most of the studies focus on GST issues related to the general public, entrepreneurs and tax-payers. However, it is essential that future generation particularly, students from higher institutions are fully aware of taxation issues which will affect their

daily lives and to be well informed with any information connected to their roles as the nation's future labour force. A study on the introduction of new tax reform in Malaysia by Abdul Mansor & Illias (2013) emphasized the needs to prepare higher education students and graduates with adequate and wider knowledge so as to guarantee the success of GST's implementation. Shaari, Ali & Ismail (2015) in their latest study focus mainly on GST awareness among higher education students. In general, their findings prove that although students were conscious of the government's proposal to implement GST, they still have limited knowledge pertaining to the matter. Most respondents in the study decided to remain neutral on questions related to GST issues, which showed that the information disseminated by the government related to GST was insufficient.

2.2 Effect Of GST Towards Student Spending Pattern

The implementation of GST should be in line with the principle of goods tax policy in terms of promoting transparency and visibility to enable individuals and businesses to have sufficient information about the true cost of transaction incurred and to allow them to understand the tax charged upon consuming. In other words, individuals and businesses must have sufficient knowledge about GST in order for them to comply with this tax law. However, at the initial stage of

implementation, tax payers usually have lack of knowledge and understanding about GST.

For example, Palil & Ibrahim (2011) found that lack of knowledge among Malaysian raise a distress among the citizens, especially those from the low and middle income group who are worried on the impact of GST on their purchasing power ability. As a consequence, people tend to perceive that GST will cause the goods and services to be more expensive and hence increase their daily expenses. Due to this reason, people tend to be more selective and cautious in their spending behaviour. Yin (2003) added that GST would cause people with fixed income to pay more as the products or services are becoming more expensive over the years, while the amount of income earned remained unchanged. Therefore, the working class with fixed income could not afford to buy the same quantity of products and services. Another study on Malaysian groups of employees and employers found that most of the working people believed that they have to change their daily routine and lifestyle since the implementation of GST. In particular, majority respondents in the study admitted that they have to minimize their lunch budget on working days and many foods from home.

Evidently, those studies reflect a serious concern among Malaysian pertaining the notion that GST implementation will increase the price of goods and services. Narayanan (2014) in his empirical study has proven that GST could increase the price of goods and services if the base price

used to compute GST is more than the base price of the old tax. This is an effect of the widening margins by businesses who seek to protect their businesses from the (yet) uncertain consequences of a new tax (Narayanan, 2014). Parallel to this idea is the study by Yin (2003) who claimed that GST implementation would definitely lead to increase in the general price levels of goods and services. Tait (1988) as cited by Narayanan (2014) also echoed similar fear that when GST or VAT is implemented in an economy which is yet to face inflationary pressures, it will cause a remarkable one-time increase of the general price level even though it will not trigger inflation in the sense that the consumer price index (CPI) remained virtually unchanged.

Since GST tend to be regressive, it takes a larger percentage of income from low income earners than high income earners and this would mean that students who live on diminutive allowance from parents or scholarship would be paying this broad based consumption tax as and when they spend. Hence, the effect of GST on students is highly likely to be more severe since majority of this group of consumers do not have fixed income. Students in higher learning institutions are mostly depending on loans or scholarship from public and private sponsors. For example, based on The National Higher Education Fund Corporation (PTPTN) (as cited by studymalaysia.com), maximum educational loan offered to undergraduate student in public universities is about RM6,500 per year before the deduction of tuition fee

payable to the universities. According to Secretary General of Ministry of Higher Education, Datuk Seri Zaini Ujang, tuition fee for higher education in Malaysia is considered among the cheapest in the world, about RM 2,000 per annum for students studying at Universiti Malaya (UM) and Universiti Sains Malaysia (USM) (Sinar Online, Oct 31, 2015). Hence, on average, the net allowance received by student is only about RM4,500 per year (RM6,500 – 2,000) which is approximately RM 375 per month. The amount is believed to be reduced as PTPTN has announced of a 5% cut on loans for new students in public institutions while new applicants from private institutions will get 15% lower than the previous amount granted with effect from November 2014 (PTPTN as cited by studymalaysia.com). Therefore, with this new student loan ruling, it is expected that students are likely to face greater impact of GST alongside with the other low income groups in relation to their spending level. In fact, Hong, Teh, Soh & Ong (2015) stated that GST will reduce consumers' spending power which in turn will reduce the domestic consumption. Prior to the implementation of GST, Lim & Ooi (2013) predicted that subsidies reduction together with the widening of the tax base via GST will negatively affect the Malaysian households.

Given the lack of empirical evidence on the effect of GST implementation on students spending pattern, we are motivated to investigate this issue. Specifically, this study is conducted to investigate the level of GST knowledge among the final year

degree students in Accountancy at UiTM Puncak Alam and how GST impacted their spending pattern.

From past study discussed above, it is found that, when individuals especially students have knowledge related to the new tax systems such as GST, they are more willing to respect the tax system, thus, increasing their awareness and compliance. Furthermore, with the implementation of GST often it will increase the price of the products, therefore affecting most individuals spending pattern. This is supported by the findings of past study where they found that GST did affect

the private spending patterns (Carvalho & Lian, 2010). In their study, the term private spending patterns was inclusive of students since they are also the final consumers who will be charged with GST. Hence, student's knowledge of GST is important in educating them to have positive perception that the newly introduced tax is fair and equitable. This leads to the following hypothesis:

H1: There is a positive relationship between student's level of knowledge on GST implementation and their spending pattern.

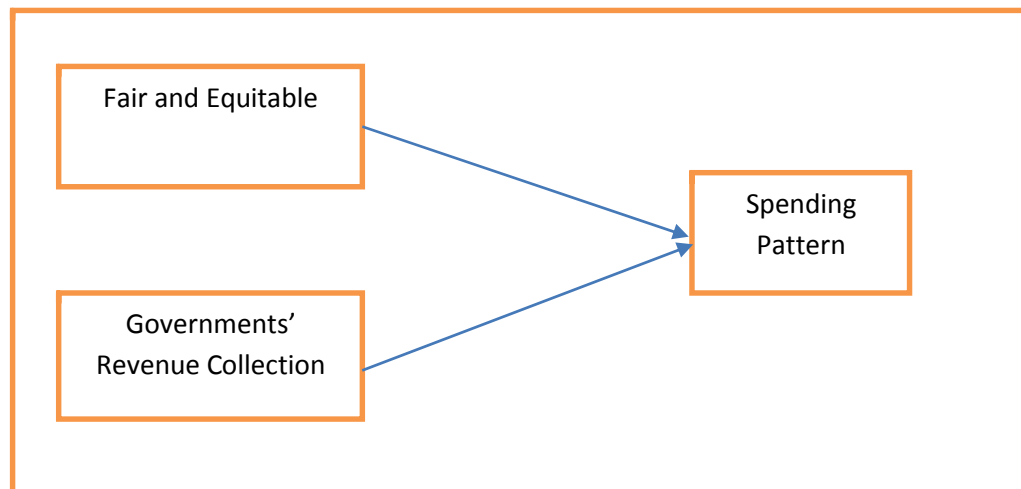


Figure 2.1 Conceptual Framework

3.0 RESEARCH METHOD

3.1 Population and Sample

The population of the study consists of the final year students of Bachelor in Accountancy, UiTM Puncak Alam, Selangor. Basically, there

are about 8 classes in total with almost 240 students. A set of 240 questionnaires were distributed from class to class and was directly collected from them after they have completed the survey. However, there were 40 students (three classes) who were unable to participate in this survey due

to other commitment. As a result, only 200 questionnaires were distributed, and only 183 of the questionnaires are valid and useable. According to Roscoe (1975), sample sizes with larger than 30 and but less than 500 are appropriate for most of the researches. Thus, the study fulfils the rule of thumb set by Roscoe (1975).

3.2 Research Instrument

For the data collection, a set of questionnaires was designed to gain primary data from the respondents about their awareness and knowledge on the implementation of GST in Malaysia and its effect on the spending pattern. There are 3 sections in the questionnaires. Section A consists of demographic information about gender, monthly spending amount, financial source, family background and main source of GST knowledge and information. For Section B, it is consist of Likert-type questions from 1 (strongly agree) to 5 (strongly disagree) measure students' awareness about GST. Section C also consist of Likert-type questions from 1 (strongly increase) to 5 (strongly decrease) measure GST effects towards students spending pattern.

3.3 Data Analysis

Data on the demographic factors were analyzed using the descriptive statistic. The level of knowledge of the students towards GST implementation was used as the independent variable and two constructs were used as proxies

for students' level of knowledge. These constructs are fairness and equitable and government revenue collection. The mean scores were used to determine the scores of the attributes. Reliability and validity tests were also conducted on the variables, while the Cronbach Alpha was employed to test the reliability of the instrument. For the dependent variable (students' spending pattern), eleven constructs were used as proxies and these constructs were toiletries and cosmetics, hairdressers and beauticians, entertainment, fast food, clothing and footwear, computer equipment/software, internet/broadband connection, recreational and sporting equipment, vehicle maintenance and stationery. The validity of the instrument was ascertained based on the factor analysis.

4.0 FINDINGS AND DISCUSSIONS

4.1 Descriptive Statistics

From the total respondents of 183, there are 132 females and 51 are males. Most of respondent's monthly spending is around RM 200 – RM 500. There are 35 respondents spending up to RM 200 monthly, 24 number of respondent's are spending around RM 600 – RM 900 monthly and the rest of the respondent monthly spending is RM 1000 and above. For the financial sources, most of university students depend on loan and scholarship. For this study, 124 students are on loans and scholarships while 51 students are financed by their parents and only 8 students using other sources such as

side income. The students' main source of information about GST are from magazine and newspaper, online search, media social and peers where 183 students choose these source of information. Only 10 students declared that they get the information from other sources such as parents, lecturers, internship, mass media and television.

4.2 Tests of Reliability and Validity

Reliability analysis was performed to measure both consistency and internal stability of data. Cronbach Alpha measures the inter-items consistency and reliability providing the coefficient value that reflects how well items in a set of statements are positively correlated to one another. Cronbach Alpha which are less than 0.6 are generally considered to be poor, those in the 0.7 range are acceptable, and those over 0.8 are considered to be good. The closer the coefficient gets to 1.0, the better the reliability of the items or statements in the questionnaire (Chittithaworn, et al., 2011). In this study, the results for the reliability tests for all the variables have achieved a good level of reliability with Cronbach Alpha above 0.70.

According to Tabachnick and Fidell (2007), although it is comforting to have at least 300 cases for factor analysis, however, a smaller sample size should be sufficient if the solutions have several high loading marker variables (which is above 0.80). SPSS also generates two statistical measures to help assess the factor-ability of the

data; Bartlett's test of sphericity and the Kaiser-Meyer-Olkin (KMO) to measure sampling adequacy (Pallant, 2007). Bartlett's test of Sphericity should be significant ($p < 0.05$) for the factor analysis to be considered appropriate. The KMO index ranges from 0 to 1, with the value of greater than 0.5 is acceptable to indicate the appropriateness of conducting factor analysis for the study (Field, 2000).

4.3 Students' Level of Knowledge on Fairness and Equitable of GST Implementation

Table 1 presented the mean scores of all items under the construct "GST Fairness and Equitable" and the result shows an overall mean of 3.25 which indicates that the respondents generally does not agree with the items in the construct, given that the score of 1 represents 'strongly agree' while the score of 5 represents 'strongly disagree' in this particular construct. It shows that students think that GST is not fair and equitable to society (Ishak, Othman and Omar, 2015) because the new tax regime is deemed regressive. It means they have to pay for the consumption tax even though they did not generate any income. This is reflected by item 2 in Table 1, where the students show their disagreement with the statement, 'GST protects the interests of low income earners including students' with a mean of 3.84. Furthermore, they also disagree with the statement that 'GST will not burden people' which scored 3.78.

Table 1: Knowledge about Fairness and Equitable of GST Implementation

| Items (n = 183) | Mean | Std. Deviation |
|---|------|----------------|
| GST will not burden people | 3.78 | 1.167 |
| GST protects the interests of low income earners including student | 3.84 | 1.125 |
| GST is the best tax system adopted by many countries around the world | 2.97 | 1.074 |
| GST is fair to the society | 3.56 | 1.141 |
| The 6 percent rate of GST is acceptable | 3.32 | 1.208 |
| GST enables effective audit | 3.11 | 1.076 |
| GST minimizes tax evasion | 3.02 | 1.048 |
| GST is implemented so there should be uniformity in the tax system across the country | 2.92 | .929 |
| Use of information technology will ensure greater transparency in administration of GST | 2.80 | .898 |
| Overall means for awareness: Fairness and Equitable | 3.25 | .721 |

4.4 Students' Level of Knowledge about Government Revenue Collection towards GST Implementation

Table 2 presents the results of the students' level of knowledge on Government Revenue Collection towards GST implementation. Here, the same scale used in section 4.3 above applies, which shows as 1 represents the students 'strongly agree' with the statement, while the score of 5 represents the students 'strongly disagree' with the statement. The findings showed that overall mean of 2.47 indicate that students generally agree with the statements in this construct. In other words, students feel that GST implementation do make a vital contribution towards government revenue collection which can be utilized for the benefit of the society and country's economic development. This was evidenced by item 3 in Table 2 which shows that they agreed that GST

will increase the government revenue collection.

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actually a good tax system for the nation. They also agree (mean score equal to 2.15) that the GST

implementation would result in rising price of goods and services products.

Table 2: Knowledge about Government Revenue Collection towards GST Implementation

| Items (n = 183) | Mean | Std. Deviation |
|--|-------------|-----------------------|
| GST is major revenue of the government | 2.30 | 1.085 |
| GST aims to make the tax system more efficient, comprehensive and transparent | 2.67 | .996 |
| GST will generate and increase revenue for the country | 2.31 | .981 |
| GST can overcome the weakness of Sales and Services Tax which was introduced earlier | 2.93 | 1.006 |
| GST will result in higher prices for goods and services | 2.15 | 1.190 |
| Overall means for awareness: Government Revenue Collection | 2.47 | .695 |

4.5 The Effect of GST Implementation towards Students’ Spending Pattern

In this construct the lowest score, 1 represents the student’s spending pattern that ‘significantly increase’ as a respond to the implementation of GST, while the maximum score of 5 represents that the students’ spending pattern ‘significantly decrease’. As shown in Table 3, there are eleven types of common and typical student expenses labeled as “toiletries and cosmetics”, “hairdressers and beauticians”, “entertainment”, “books, newspapers and magazines”, “fast food”, “clothing and footwear”,

“computer equipment/software”, “internet/broadband connection”, “recreational and sporting equipment”, “vehicle maintenance” and “stationery”. The overall mean for the effect of GST towards student spending pattern is at 3.97 which imply that the students will moderately decrease their spending pattern. Among all the expenses included in this study, the main expenses that will be affected and reduced by the students is vehicle maintenance, which scored 4.10 while their spending on hairdressers and beauticians is the least affected expenses with a close neutral mean score of 3.85.

Table 3: Effect of GST Implementation towards Students' Spending Pattern

| Items (n = 183) | Mean | Std. Deviation |
|--|------|----------------|
| Toiletries and cosmetics | 3.92 | .937 |
| Hairdressers and beauticians | 3.85 | .943 |
| Entertainment | 3.95 | .982 |
| Books, newspapers and magazines | 3.92 | .898 |
| Fast food | 4.02 | .972 |
| Clothing and footwear | 4.03 | 1.016 |
| Computer equipment/software | 4.09 | 1.018 |
| Internet/broadband connection | 3.97 | .952 |
| Recreational and sporting equipment | 3.89 | .897 |
| Vehicle maintenance | 4.10 | 1.019 |
| Stationery | 3.96 | .913 |
| Overall mean of students' spending pattern | 3.97 | .771 |

The following section will discuss on the findings from the multiple regression analysis. Since the model is developed with two predictors towards the dependent variable, it is important to conduct a separate regression analysis for each variable that is believed to be influenced by other variables. The purpose of this analysis is to examine if there is a linear relationship of all the constructs.

4.6 Multiple Regressions

As shown in Table 4, the R Square value for this model is 35.9% of the variation in the dependent variable (student spending pattern) which mean that about 35.9 % of the variation in the students spending pattern is explained

by the students' level of knowledge about GST implementation. Meanwhile, the remaining 64.1% of the dependent variable (student spending pattern) is explained by other factors which are not included in the model of this study.

Table 5 (ANOVA) provides a report on the overall significance of the model. Table 5 further indicates the p value of .015 is less than .05, which explains that there is sufficient evidence that at least one of the factors affects the student spending pattern (Pallant, 2007). Therefore, it can be concluded that the combination of the GST fairness and equitable and government revenue collection significantly predicts the dependent variable (student spending pattern) ($F=4.327$; $p < 0.05$).

Table 4: Model Summary of the Multiple Regression Analysis

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .214 ^a | .359 | .253 | .75774 |

- a. Predictors: (Constant), Overall means for fairness and equitable: government revenue collection, Overall means for fairness and equitable: government revenue collection

Table 5: ANOVA^b

| Model | Sum of Square | df | Mean Square | F | (p) Sig. |
|------------|---------------|-----|-------------|-------|-------------------|
| Regression | 4.969 | 2 | 2.485 | 4.327 | .015 ^a |
| Residual | 103.352 | 180 | .574 | | |
| Total | 108.321 | 182 | | | |

a. Predictors: (Constant), Overall means for fairness and equitable: financial contribution, Overall means for fairness and equitable: financial contribution

b. Dependent Variable: Overall means for spending pattern

Table 6: Coefficients^a

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | (p) Sig. |
|---|-----------------------------|------------|---------------------------|-------|----------|
| | B | Std. error | Beta | | |
| (Constant) | 3.172 | .333 | | 9.521 | .000 |
| Overall means for: knowledge on fairness and equitability of GST | .229 | .078 | .214 | 2.937 | .004 |
| Overall means for: knowledge about government revenue collection of GST | .022 | .081 | .020 | .276 | .783 |

a. Dependent Variable: Overall means for spending pattern

Table 6 shows the value of the coefficients in equation (1) below. Besides that, the **t** and **p** values will indicate whether there is significant evidence that both knowledge on fairness and equitable of GST and knowledge about government revenue collection will influence the students' spending pattern. According to the results, only knowledge on the fairness and equitability of GST is significantly affecting the students' spending pattern ($p = .004$). This finding indicates that, when the students have the knowledge that GST implementation is fair and equitable, they do not blame the government on the rising price of the products they consumed, thus, their spending habits remained unchanged. Meanwhile, knowledge about

government revenue collection is not significantly influencing the student spending pattern. Based on this result, the linear regression model for predicting the student spending pattern can be written as follow:

$$\text{Student Spending Pattern} = 3.172 + 0.229 (\text{knowledge on the fairness and equitable of GST}) + 0.22 (\text{knowledge about government revenue collection})$$

Equation (1)

As shown in the results, both predictors which are knowledge on fairness and equitability of GST and knowledge about government revenue collection have positive coefficients which depict the positive relationships between the predictors and the

dependent variable. Government implements many development projects and take care of civil servants' welfare. The pay rise for civil servants and the increase in minimum wage will still be implemented this July. MRT and The Pan Borneo Highway, which costs RM16 billion for Sarawak and RM12 billion for Sabah, would be built. GST has proven to have benefitted the people including the RM500 special financial assistance for 1.6 million civil servants in view of Aidilfitri, was given on June 13, 2016. The request by the Congress of Unions of Employees in the Public and Civil Services to pay a special bonus for Hari Raya manages to be fulfilled (The Star, 2016).

CONCLUSION

The result of this study is parallel to a study on introduction of new tax reforms in Malaysia by Mansor & Illias (2013) who found that higher education students and graduates should be prepared with adequate and wider knowledge of GST to ensure positive receptions of GST implementation. Furthermore, in another study by Shaari, Ali & Ismail (2015) which also focused on GST awareness among higher education students, and they found that although students were conscious of the decision by the government to implement GST, still they have limited knowledge pertaining to this matter. Most students, although they have been taught about the technical aspect of GST in their curriculum, they are still unsure of the

GST implementation and its effect towards the final consumers. One of the earliest studies on GST conception and readiness in Malaysia discusses general public awareness towards GST. This study shows significant relationship between tax knowledge and tax awareness of Malaysian which make it easier for them to study and comply with the tax rules if they possess the knowledge about it (Tayib, 1998, Mohani, 2003).

On the knowledge about government revenue collection, the mean is 2.47, which indicates majority of the respondents have a moderate level of knowledge on government revenue collection. The findings in this study show that, there is no significant relationship between knowledge of the government revenue collection and students' spending pattern. In other words, the students perceive that the government's revenue collection is irrelevant in influencing their spending pattern. Overall, the results of this study showed that the students are still uncertain of the fact on the fairness and equitability of GST and they are more likely to think of GST as reasonably unfair and unequitable. This is attributed by the fact that they still have to pay GST even though they are non-income earners. It is recommended that the government must put serious efforts to make the Malaysians especially students understand about the fairness and equitability of GST as well as the contribution of GST to the country. This is important as these young citizens will become an income earners and tax payers in the future. Thus, proper awareness and knowledge about GST

during their tertiary education age is vital to seed a positive perception about GST and to inculcate sincerity in paying tax as part of their contribution towards the nation.

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