



12 June 2025

MEDIA STATEMENT

PPK MALAYSIA CALLS FOR DEFERMENT OF SST EXPANSION

The Malaysia Shopping Malls Association (PPK Malaysia) expresses concern over the government's recent announcement to expand the Sales and Service Tax (SST) to include rental and leasing services, alongside several other policy-driven cost increases that has resulted in adverse impact to the retail and shopping mall sector.

The retail sector is now under serious pressure, as escalating costs and external disruptions begin to undermine operational stability and long term viability. Ongoing global economic uncertainties, including tariff wars, supply chain disruptions, and intensifying regional and digital competition continue to challenge retail businesses. The compounding cost pressures threaten business continuity and overall market sentiment.

The key cost escalations recently announced and to be imposed include 8% SST on commercial rental and leasing services and 6% SST on construction services both effective 1 July 2025 and electricity tariff hike also to be effective 1 July 2025. In addition, there will be a RM10 stamping fee on employment contracts effective 1 Jan 2026 and fuel and subsidy rationalisation during the second half of 2025. Assessment rates have already seen increases of approximately 25% and license fees under Jabatan Keselamatan dan Kesihatan Pekerjaan (JKKP) increased by up to 600%. To add to the costs, minimum wages have been hiked to RM1,700 effective 1 Feb 2025.

Retailers will be forced to absorb or pass down these costs to consumers, which will amplify inflation, curb consumer spending, and further squeeze retailers' business performance and threaten mall sustainability and continuity.

Additionally, the ongoing US-led tariff war has led to a redirection of goods to Malaysia, pushing prices down and eroding local margins. This is further compounded by unregulated foreign online platforms, especially from China, offering under-priced goods and creating an uneven playing field for physical retailers.

PPK Malaysia respectfully urges the government to defer the SST expansion on rental, leasing, construction, and beauty services until after Visit Malaysia Year 2026. We also propose to introduce a staggered SST approach, beginning at 3% and gradually rising to 8% over five years and exclude service charges from SST, as they are not rental income but recovery of shared-area operational costs. In conjunction, it is proposed to raise the SST exemption threshold to RM2 million in annual sales to protect small businesses.

Persatuan Pengurusan Kompleks Malaysia (PPK)

Malaysia Shopping Malls Association

A608, 6th Floor, Lobby 2, No. 1, Jalan SS20/27, Damansara Intan, 47400 Petaling Jaya, Selangor D.E. Malaysia

T +603 7727 6202/6232

F +603 7727 6203

E secretariat@ppkm.org.my

W www.ppkm.org.my

PPK Malaysia recognises the government's fiscal objectives and emphasises the importance of implementing such measures in alignment with prevailing industry conditions. A phased and consultative engagement would be a constructive way forward to support business continuity while contributing to broader economic resilience.

We look forward to engaging with the Ministry of Finance and relevant agencies to share industry perspectives and explore practical, balance solutions together.

Thank you.