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## **MALAYSIA GOLD ASSOCIATION TO FACILITATE THE IMPLEMENTATION OF LUXURY GOODS TAX ON JEWELLERY**

**KUALA LUMPUR, 30 MARCH 2023** – In response to the recent announcement of the revised Budget 2023 by the Malaysian government, many local gold traders, wholesalers, and jewellers have voiced their concerns about the enforcement of Luxury Goods Tax on gold products, particularly gold jewellery, during the 9<sup>th</sup> Annual General Meeting (AGM) of Malaysia Gold Association (MGA) that was held on 22<sup>nd</sup> March 2023, here at Menara Public Gold. With that, MGA representing the many voices of local gold business owners had conveyed their concerns to the authorities during a meeting with the Ministry of Finance (MoF) and Royal Malaysia Customs Department (RMCD), hosted by RMCD at their headquarter in Putrajaya on 27<sup>th</sup> March 2023.

Established in 2014, MGA was formed to primarily address precious metal trading matters and participate in major policy setting with respective authorities in Malaysia, to advance precious metal trading industry to greater heights. This year, MGA has taken on similar role to discuss about the impending Luxury Goods Tax with respective authorities, during a meeting hosted by the Royal Malaysia Customs Department (RMCD).

Led by the *Deputy Director General of Customs, Dato' Abdul Halim Bin Ramli* and his officers, this meeting was attended by key industry players such as **Dato' Wira Louis Ng**, *President of Malaysia Gold Association (MGA)* and committee members; **Datuk Abdul Rasull Bin Abdul Razak**, *President of Malaysian Indian Goldsmiths Jewellers Association (MIGJA)*; **Dato' Chiah Hock Yew**, *President of Federation of Goldsmiths and Jewellers Associations of Malaysia (FGJAM)* accompanied by **Mr. Law Chin Hooi DJN**, *Vice President of FGJAM*; and **Mr. Segar Govindasamy**, *Managing Director of MKS Pamp (Malaysia) Sdn. Bhd.*

At this high-level meeting, the attendees discussed about the impending enforcement of Luxury Goods Tax on gold jewellery segment, and analysed its impact on gold import and export activities, manufacturing, wholesale, as well as retails such as domestic and tourism sales.

During the meeting, the three gold associations have highlighted to authorities on one prominent trend in Malaysia, whereby Malaysians between the B40 and M40 income groups, regardless of ethnicity, are prone to buying 999.9 gold bullions and 916 pure gold jewellery as a form of investment and savings. These metals are usually being passed down from one generation to another as part of the local culture. Luxury goods on the other hand are usually non-essential, of



high margins and bring low returns or no resale value, which are mainly consumed by the high-income groups.

While it is crucial to increase national income through the Luxury Goods Tax, MGA has proposed to the government to consider the survivorship of approximately 4,500 gold jewellers and 1,000 gold manufacturers, as well as hundreds of thousands of employments in Malaysia, if the Luxury Goods Tax were to be imposed on gold and jewellery products. This is because when gold is no longer affordable for general consumers, it will subsequently affect the sustainability of gold industry altogether.

The three gold associations have also suggested to the relevant government departments to look into taxes (SST, Income Tax, etc) collected from various gold traders and jewellers, such as Ar-Rahnu service providers, pawnbrokers, jewellers (goldsmiths), gold retailers, precious metal insurers, secured logistics providers, as well as bullion importers and traders, in the past 3 years – to analyse and compare the effectiveness, with and without Luxury Goods Tax.

“From the last enforcement of GST to SST, MGA has always been proactively involved in facilitating the government with substantial information to smoothen their taxation plans rollout. We are very grateful that the authorities, especially MoF and RMCD have been very open and always willing to listen to feedback from industry players. MGA will continue to do our best to provide expertise advice to help government smoothly rollout the new policy, at the same time protect the survival of the gold industry,” said Dato’ Wira Louis Ng, President of MGA.

In the coming months, the three gold associations namely Malaysia Gold Association (MGA), Federation of Goldsmiths and Jewellers Associations of Malaysia (FGJAM), and Malaysian Indian Goldsmiths Jewellers Association (MIGJA) are set to work closely to exchange and compile further information and data required by the Royal Malaysian Customs Department (RMCD) and Ministry of Finance (MoF), to facilitate the final decision on the impending Luxury Goods Tax for jewellery products at an agreeable threshold amount.

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**Issued by Brandevo Communications on behalf of Malaysia Gold Association (MGA)**

**Media enquiries, kindly contact:**

*MGA Secretariat*

Name : Ms. Wendy Kung

Tel : 011-5589 7916

Email : [info@mga.my](mailto:info@mga.my)

*PR Consultant*

Name : Ms. Michelle Koh

Tel : 012-682 5339

Email : [michelle@brandevo.com.my](mailto:michelle@brandevo.com.my)