



## Malaysia's tourism tax an 'unfair' levy to hotels while others get away

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Malaysia will from July 1 implement the tourism tax on all types of accommodation premises serving tourists, according to a *Bernama* report quoting tourism and culture minister Mohamed Nazri bin Abdul Aziz.

Exemptions are made for homestays and kampong stays registered with the Ministry of Tourism and Culture (MOTAC), accommodation premises established and maintained by religious institutions not for commercial purpose, and accommodation premises with less than 10 rooms.

The tax rate starts at RM2.50 (US\$0.60) per room per night for lower-tier and non-rated accommodation and goes up to RM20 per room per night for five star accommodation.

Registered operators are liable to collect the tourism tax from guests upon their departure and pay them to the Royal Malaysian Customs Department (RMCD). The tax revenue will be used for tourism development.



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However, the Malaysian Association of Hotels (MAH), Malaysian Association of Hotel Owners (MAHO) and Malaysia Budget Hotel Association (MyBHA), which had earlier [voiced their objections](#) when the tourism tax bill was passed in parliament, yesterday submitted a joint memorandum to the Finance Ministry, RMCD and MOTAC to express their concerns in response to the latest announcement.

MAH president, Cheah Swee Hee, stated that making registered hotels to collect the taxes is "not fair and equitable", as it does not appropriately capture all participants in the marketplace or tax equally the participants that are subjected to the tax.

He explained: "Under the current model, hotel operators that have been registered with MOTAC are automatically included in the scope of the tourism tax. However, based on data that is available on MOTAC and what is available from other publicly available sources, we have identified that less than 15 per cent of accommodation providers in Malaysia are registered with MOTAC."

According to the joint press release from the three associations, in terms of real numbers there are 3,126 accommodation providers registered with MOTAC. However, there are 9,578 accommodation providers listed on [Agoda.com](https://www.agoda.com) and a further 11,698 accommodation providers listed on Airbnb. Based on the available data, there are 6,452 unregistered hotel providers and a further 11,698 operators who provide accommodation through Airbnb.

MAHO president, Teo Chiang Hong, remarked: “With the introduction of the tax, it would create an uneven playing field, and could encourage more tourists to book with unregistered and unlicensed hotels due to the lower cost. This could also encourage hotels to follow suit and change their rating or their operating model. All of these actions would result in an even lower occupancy rate and lower tax revenues for the government.”

Sharing similar sentiments, Anthony Wong, managing director at The Frangipani Langkawi Resort & Spa, opined it was unfair that Airbnb operators get away from paying the tourism tax because they are unlicensed and unregulated by the government.

"They get to charge a lower rate whereas hotels have to apply for 38 business permits before they can open. On top of that, we have to pay GST, liquor license, fire insurance liability license and property tax. The government should look at providing a level playing field," he said.

The hotel associations also object to being made the [collection agent](#) as it involves updating pricing documentation and enhancing the operating and accounting systems to enable the tax to be collected and invoices to be issued.

MAHO executive director, Shaharuddin M Saaid told *TTG Asia*: “It is not fair to the hotels. It is unclear if we are getting financial assistance from the government. Why rush to implement (the tax) when these issues are not addressed? We propose that the implementation of the tax be postponed by six months. If we don’t collect the tax, we are fined RM30,000 (US\$7,040). Why should we be penalised?”

He added that the hotel associations had proposed in their joint memorandum for the government to instead introduce an exit tax for foreign tourists to be collected at the airports and borders.

Manfred Kurz, managing director at Diethelm Travel Malaysia, opined: “This is not the right time to implement the tax as tourism is slowly recovering into Malaysia. The more price-sensitive tourist may think twice about coming to Malaysia and instead visit competing destinations such as Bali or Thailand that doesn’t have such a tax.