

NEW STRAITS TIMES

MOF: Tax exemptions to prevent rise in refined sugar prices [BTTV]

By [Muhammed Ahmad Hamdan](#) - June 20, 2025 @ 10:53am



KUALA LUMPUR: The government today clarified that refined sugar will remain exempt from the revised Sales and Service Tax (SST) and that manufacturers can apply for exemptions on raw sugar inputs, addressing concerns over potential price hikes.

In a statement, the Finance Ministry reiterated that the revised SST, which takes effect next month, imposes a five per cent tax on raw sugar, a material used in the production of refined or white sugar, but not on the finished product itself.

"Refined sugar, or commonly known as white sugar, remains untaxed under the revised SST," the ministry said, responding to a statement by MSM Malaysia Holdings Bhd on the tax changes.

The ministry also highlighted the government's targeted approach in excluding essential goods from the new tax structure, including sugar, salt, chicken, eggs, meat, fish, vegetables, cooking oil and rice.

"This is to ensure that the majority of Malaysians are not affected by the revisions to the SST," it said.

While raw sugar will be taxed, the ministry pointed out that manufacturers, including MSM, are eligible to apply for exemptions through the Customs Department.

"Refiners and manufacturers of sugar in Malaysia can seek exemption on their upstream input costs by applying for a sales tax exemption on raw material inputs," it said, citing provisions under the Sales Tax (Persons Exempted from Payment of Tax) Order.

The ministry also noted that MSM and other sugar refiners continue to receive monthly incentives from the government to support price and supply stability in the market.

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The clarification comes amid concerns that the new SST regime could drive up refined sugar prices and pass costs on to consumers.

On Thursday, MSM said the new levy on raw sugar under the expanded SST has raised concerns about a potential increase in refined sugar prices. The country's largest sugar producer said it has sought clarification from the government, citing the tax as a significant cost pressure.

The five per cent sales tax on raw sugar is set to take effect on July 1, as part of a broader initiative under the 2025 Budget to widen the tax base and raise government revenue.

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