

Newsletter

The Impacts of State Sales Tax on the Fisheries Industries

The Situation



(i) Commercial fishermen will have to carry the tax burden from the Tax



(iii) Operational costs of commercial fishing activities are extremely high



(v) The negative impact of the Tax to the revenue of the fishing industry is significant



(ii) Foreign markets are important in absorbing surplus production



(iv) The income of commercial fishermen is inconsistent, as fish catch is highly seasonal



(vi) More industry players are interested in investing in other fishing gear, as the existing one is extremely challenging

Research Objectives



(i) To validate the 6 main points with scientific methods



(ii) To measure export competitiveness of their major fish commodities

Our Approaches



(i) Multiple regression analysis
(ii) Elasticity analysis
(iii) Descriptive analysis

(iv) Cost analysis
(v) Constant market share analysis

Some Interesting Findings

- ★ All of the main points were **validated** and found statistically **correct**
- ★ The tax will reduce the revenue of the fishing industry by at least **RM25 million p.a.**
- ★ Fisheries exports are found to be **an important component of the economy**. However, it lacks competitiveness in its major markets.
- ★ The **tax is unsuitable for being imposed** on the fishery commodities. In contrast, government policies supporting and enhancing the export performances of the fishery commodities are crucial

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