

The Implementation of Goods and Services Tax: The Effects to Eco-Tourism Tours and Travel Agency

Ahmad Nazrin Aris Anuar, Nasihah Md Jalal Fahmey, Rabiatul Adawiyah Nasir and Che Bon Ahmad
Centre of Studies for Park and Amenity Management, Faculty of Architecture,
Planning and Surveying, Universiti Teknologi MARA, Shah Alam, Selangor, Darul Ehsan, Malaysia

Abstract: This research is conducted based on the issues of the implementation of Goods and Services Tax (GST) in Malaysia and thus, it is the concern of researcher to find out what are the effects faced by tours and travel agency sectors in the implementation of GST. Their sales on goods and services gained taxation whether from the Sales and Services Tax (SST) up until the implementation of GST. Therefore, there are two objectives: to identify the effects on eco-tourism tours and travel agencies in the implementation of GST and to evaluate the preparedness of the travel agencies in facing the GST. The research conducted through the qualitative method by semi-structured interview based on three travel agencies. The purposive sampling method was used to choose the respondents with the criteria of the travel agencies that have been registered for GST and having an eco-tourism packages. Based on analysis shows that the travel agencies has been affected by the implementation of GST on the elements of less income gain, less demand during seasons, events and their services need to include GST. The other determinants such as the effects on commission rate received and customers' willingness to pay are not affected much to the travel agencies. On top of that, more accurate information about GST is being acknowledged by the agencies, introduced the GST system earlier so that people can understand the system and more calculation techniques should introduce to agencies to avoid any misunderstanding.

Key words: Eco-tourism tours, goods and services tax, implementation, Malaysia, travel agencies

INTRODUCTION

The tourism industry has gained lots of attention from many stakeholders and service providers participating in this industry. Their participation has to provide the most interesting item in the tourism industry which encouraging tourists to travel and hence to give a significant impact towards the economy. The revenue gain in the tourism economy implies that tourism industry plays a prominent role in the world economy as this sectors revenues have grown to the third largest industry after oil and automobiles sectors. Based on Hanafiah and Harun (2010), the number of tourists' journeys increased from 25 million in 1950-700 million in 2003 and is predicted to reach 1.6 billion in 2020. Hence, tourism economy is important to build a strong economy and as well as providing more jobs opportunities and businesses for making a better nation. This research conducted in the field of tourism economy where it is a concern in the relation tourism taxation and one of the sectors in the tourism industry which are tours and travel agencies. The tourism industry has many other sectors that can be seen in the field of hotel, travel and tours agencies, retail and

restaurants as well as transports. Based on Royal Malaysian Customs Department, these fields of the tourism industry are called as sub-sectors. These sub-sectors expand their activities widely in giving the best satisfaction for tourist's vacation and enhancing the tourism economy. As they are providing services and operating business, they are in need to charge tax on their services. Thus, this research studies on one of the sub-sectors in the tourism industry which is the tours and travel agencies sectors. Tours and travel agencies are intermediaries between travel suppliers and gaining commission from there. Travel and tours agency also indicates as doing a job for another services provider which explained their role as intermediaries. Hence, travel agencies which play mainly as the intermediaries between travel suppliers and customers seem to have the relation on collecting the tax charges. The concern here is that whether this tax system will affect or not affected by the implementation of GST.

The travel industry gained a supply of goods and services through packages, transportation, accommodation, hire and drive, meals, entry to the exhibition, entertainment venues, hospitality, travel

Corresponding Author: Ahmad Nazrin Aris Anuar, Centre of Studies for Park and Amenity Management,
Faculty of Architecture, Planning and Surveying, Universiti Teknologi MARA, Shah Alam, Selangor,
Darul Ehsan, Malaysia

agency services and other similar travel services. Here, most of the goods and services gained taxation whether from the SST up until the implementation of GST. However, those supplies of goods and services each have different income level and effects faced as moving from SST to GST. Hence, one subsector is chosen in order to identify the effects faced by this sector in the implementation of the new tax system. The sector chosen is travel and tour agency services that have been registered as the 'registered person' in GST in order to determine and identify the effects faced by this sector in the movement of changes in the tax system in Malaysia. Travel and tour agency service was chosen as this sub-sector of the tourism industry will provide packages which include everything from accommodation up to tickets charges. The concern here is how these tours and travel agencies affected in the new tax system as they are providing a variety of services in the packages given.

Other than that, this study is concerned with the effect that they might face with the new tax system in the marketing level of the agency which indicates the image and reputation of the agency as well as concerning on the tourists demand with the changes of the tax system.

The concept of GST was invented by a French tax official in the 1950s. In some countries, GST is known as VAT or Valued-Added Tax. There are more than 160 nations, including the European Union and Asian countries such as Sri Lanka, Singapore and China practices this form of taxation. Roughly, 90% of the world's population live in countries with GST or VAT. Before the implementation of GST, Malaysia practices an indirect tax system which the system was divided into four sections which are Import Duty, Export Duty, Government Sales Tax, Service Tax and Excise Duty. Hence, this tax system eventually gives a new appearance to the agency to maintain the agency along with the new tax system revenue. In the matter of concern for GST and its effects towards tours and travel agency, there is another issue that needs to be brought up or find out whether the agency is prepared to face the new tax system. This study was conducted on another concern which is how the tours and travel agency prepared their agency in the implementation of GST. The agency might face difficulties in managing the new charges and improving their marketing level to compete. Therefore, the purpose of the study is to find the effects on tours and travel agency in the implementation of GST. The two objectives of this study are to identify the effects of tour and travel agency in the implementation of GST and to evaluate the preparedness by tours and travel agency in facing the implementation of GST.

Literature review

Tourism taxation: Tourism consumes many activities that require taxation as it involves on the transaction of goods and services. It is defined that tourism product as a bundle of activities, services and benefits that constitute the overall tourism experience. The meaning of bundle includes destination attractions, destination facilities, accessibility and images (Guliling *et al.*, 2013). Hence, here it says that tourism has eventually contributed many products that will always be being used by consumers. It is a complex industry of numerous subsectors. It is challenging to define exactly what constitutes a tourism product and how to tax it as tourism is not a single commodity but it is a collection of many different goods and services provided by a wide range of suppliers.

According to World Trade Organization, tourism taxes are "taxes which could be described as applicable specifically to tourists and the tourism sector or, alternatively, if not specifically to the tourism sector, those which are applied differently in tourist destinations". It explains that tourism taxation is only calculated in the terms of air travel, entry/exit to other countries, hotel and accommodation, food/meals/drinks, road transport, gambling and tourist attractions. In Malaysia, taxation has been started since the British colonial government rules from the year 1786-1957 (Loo and McKerchar, 2014). Through all the years, there are many changes occurred in our taxation system and also amendments in the tax law system from time to time in the conjunction of keeping pace with the rapid development in the social, economic, technological and political dimensions both domestically and internationally. The transition of taxation system can be clearly seen in the transition of SST to GST where this transition happens to effects all industries including the tours and travel agencies. The tax charges for both taxes has made an impact on users expenditure and hence affecting the tours and travel agencies in gaining the interests from people to travel with the existence charge of GST.

Tours and travel agencies: Tours and travel agencies have started its operation since the 19th century around 1841 where an Englishman, Thomas Cook had organising a package on tours to a seaside resort for working-class and middle-class citizens. The development of technologies had improved the travel segments of tourists where more people enjoy travelling during that time. Improvements in the comfort and price of train travel and the development of large luxury liners and hotels offering a wide range of prices helped fuel the demand for pleasure travel (Cheung and Lam, 2009). The improvements have eventually increased the passion for people to travel and does increasing the number of travel agencies up until now.

Tours and travel agencies are being the intermediaries between tourists and the service provider which service providers can be from many sectors that are developing business for tourism market. They provide information for tourist to travel based on their interests and budget. They are promoting the best place for tourists to visits and handling all the itineraries required for tourists' pleasure during travelling. Based on Cheung and Lam (2009), the roles of tours and travel agencies can be summarised as a person that undertake the job for another person where they provide information, distribution on the travel packages and make reservations and services. Their daily business will be included in the arranging transportation-air, sea cruises, bus, rail, car rentals locally and abroad, preparing individual itineraries, personally escorted tours, group tours and selling prepared package tours, arranging hotels, motels, resort accommodations, meals, sightseeing, transfers of passengers and luggage between terminals and hotels as well as special events such as music festivals and theatre tickets, handling and advising on the details pertaining to travel and baggage insurances, travellers' cheques, foreign currency exchanges, documentation requirements (visas, health certificates, etc.), using professional know-how and experience in the provision of air, train and other transportation schedules, hotel rates and their standards as well as qualities, arranging reservations for special-interest activities such as religious pilgrimages, conventions and business travels, incentive and educational tours, eco-tourism and gourmet tours, sporting/adventure trips, etc.

Tours and travel agencies developed their roles as the intermediaries where they will survive in the context of receiving a commission, promoting the packages having demand from tourists and evaluating in the services that they provided. From here, the marketing level of the agencies must be capable enough in surviving in the tourism economy plus with the implementation of GST where the demand might be where tourists will be more calculated in travelling with the increased of life expenditure. The determinants for this research to measure the effects of GST on travel agencies were based on the commission rate received by the agency, tourists' demand and the marketing level of the agency in the implementation of GST.

Overview of commission rate received by the travel agencies: Commission is a fee charged by an agent for the service in facilitating the transaction between the providers to the customers. In the field of tours and travel agencies, the provider is called as principal whereas the agency is the intermediaries between the principal and the

customers. Thus, the agencies will receive the commission from the principal as a charged for facilitating the sales or products. Based on the Royal Malaysian Customs Department (2015), an agent is acted as an intermediary who is authorised by another party to do something on that party's behalf (principal) in arranging supplies of goods or services. The supplies that are about to arrange is made by or to the client he represents. On top of that, a principal cannot avoid his liability to account for GST on his supplies or in other words to pay GST on his purchases by using an agent. However, the agent only facilitates the sales or products for an agreed amount as a commission for his agency services. The agreement must be made between the agency and the principal concerning the transaction concerned where the agreement can be made by written or oral agreement, or merely from the business affairs between both parties.

There are few types of agents and their liabilities stated in the Royal Malaysian Customs Malaysia (GST) Guide Agent. Based on the guide provided, each type and liabilities explain on different kind of situation which dependable on how the agents will act in their business transaction for receiving and issued the tax invoice to the customers. However, a primary transaction between both parties can be shown through the type of an agent that acts on behalf of the principals which here, the agent is registered for GST and must always charge on his commission irrespective of the status of his principal. The principal must issue a tax invoice for the supply made to his customer while the agent that is a registered person for GST must also issue a tax invoice for the supply of services that he made to his principal. The tax invoice issued to the customers must have the principal's name on it. The commission charge by the agents will determine the effects of GST towards tours and travel agency through the amount of charged gained and how the service provider react towards the charge emitted whether they charge same before and after GST or there are changes due to the new tax system.

MATERIALS AND METHODS

The data collection method has been made through primary and secondary data. Secondary data resources are basically to support the statement made based on the coded data. Most of the statement from the coded data has been supported by another statement from previous research and other information. It will give a better understanding of the data gained and the analysis made for this research.

Primary data was conducted through the semi-structured questions. The data was analysed with the interrelation between the questions provided, observations based on the online market segment on the agencies and also on the literature review made which

enable this research to be provided with evidence. The respondents have been acknowledged on participating in this research with the permission obtained through a phone call. The respondents are among the travel agencies that acquired in the criteria made for this research which is agency that has been registered for GST and having an eco-tourism package in their services. After gaining their permission and willingness to participate in this research, the questions were emailed to them. Hence, the data is mainly collected based on the questions given and as well as a brief explanation through the phone call. The data has then been coded with NVivo 10 where the coded data enable the researcher to quotes any significant facts that answering the objectives of this research. The data is analysed and thus providing the findings for this research which will further explain the results of the research section.

Qualitative method: This research study was conducted through an in-depth interview where it is applicable for collecting data on individuals' perspective, experiences, and particularly on getting the right respondent for answering the topics explored. For this research, the in-depth interview is used as to gain the respondents from people that work in the field of travel agencies and experienced the implementation of GST. Based on Opdenakker (2006), there are three ways of conducting the in-depth interview which is face-to-face interviews, telephone interviewing, e-mail and MSN Messenger interviews.

Hence, this research is conducted through e-mail where it was put in few matters that applicable for doing this type of in-depth interview. This research was performed at a minimal period which in this matter, researcher unable to gain a chance for having a face-to-face interview session as too few reasons. First, most of the respondents obtained from the travel agencies are not available for an interview session due to the constraints of time between the researcher and the respondents. Most of the travel agencies having a hard time to allocate a specific day to approve the appointment made by the researcher as they are in need to attend seminars and on-going schedule for their business. Hence, through further discussion with the travel agencies, it is applicable for them to have the communication of this interview through email.

Purposive sampling: The qualitative method used in this research applies purposive sampling as to conduct the data analysis. Purposive sampling was meant by sampling that has been selected through criteria. The purposive sampling used was based on the criteria made for gaining

the respondents. The respondents are chosen based on the travel agencies that have been registered in GST and having eco-tourism packages in their packages. Based on the official portal of Ministry of Tourism and Culture Malaysia, there are 608 of Travel Operating Business and Travel registered in Malaysia. From that number, the researcher had chosen the travel agencies in Shah Alam, Subang Jaya, Petaling Jaya, Klang and Ampang. The area selected was based on the distance to travel and also the area that is nearest Shah Alam. After cutting down the area to cover for the sampling, the total number of Travel Operating Business and Travel in those areas are 230 agencies. After that, the numbers of the agencies are narrowed down to the agencies that are operating only for tours and travel, registered in GST and having eco-tourism packages. Based on those criteria, the researcher had found three tours and travel agencies that suited with the standards mention and willing to participate in this research. Few reasons can explain the number of respondents received. First, the researcher had to encounter the travel agencies that are not in service anymore. Second, most of the agencies are unable to allocate time to participate in this research as they are having the ongoing business and attending the seminar.

Hence, there are three respondents from travel agencies that participated in this research. In conjunction with that matter, according to Becker and Edwards, the number of respondents for a qualitative research depends on the research itself and the objective of the research. On top of that, based on Adler and Adler, there are varieties of factors that can influence the amount of data qualitative researcher gather and this is not measured only by numbers of interviews but also by the presence of participant-observation where applicable. The respondents gained from this research have correlated with the objectives of this research. Besides, Adler and Adler had also highlighted that the size of the sample pool may be limited by researchers' time available for data gathering. From here, it clearly said qualitative research sample is not specific to a certain number but more on the flexibility of the research itself where the numbers of respondents acquired are able to capture the objectives of the research and also in the context of time availability to gather the respondents with the minimal time given for this research studies. This list of respondents (Table 1) is according to the three respondents gained for this research which based on the criteria of travel agencies that has been registered in GST and providing an eco-tourism package in their services.

Data analysis: The data analysis of this study was conducted through NVivo 10. The coded answers were used as the relevant fact that explaining the objectives of

Table 1: List of respondents

Respondent		
Occupation	Agencies	Date receiving data
Marketing manager	NB travel sdn.bhd,	28th May 2015
Tour manager	Tahan holidays sdn. bhd,	5th June 2015
Product and	Asian overland services	10th June 2015
Development executive	Tours and travel sdnBhd	

this research and thus, analysis is made from it with the support of other information based on the literature review made. The data analysis was divided into few sections where each of the section correlating with each other. The analysis starts with the explanation of the demographic factors which based on the characteristics of the agencies. Then, it continues with analysing the determinants of the effects of GST towards travel agencies. Here, the data is analysed on the first objectives which are to identify the effects of eco-tourism travel agencies towards the implementation of GST. After that, the analysis continues with the findings of preparedness and strategies made by the agencies which here, it will evaluate on the second objectives of this research.

RESULTS AND DISCUSSION

The demographic factors for this research explained the position that each respondent represented. Respondent 1, hold the position of Marketing Manager, which based on her position, the data received does tell in the marketing segment of the agencies throughout the implementation of GST. The data gained enable this research to explore the field of commission rate before and after GST, the sales after the implementation of GST and the demand gained. Respondent 2 hold the position as Tour Manager where from the data gained based on this respondent, thoroughly it explains on the overall situation of the agency with the implementation of GST. Plus, the second respondent is represented by the agency that providing only the domestic package which is eco-tourism packages only. Hence, the findings from this agency with another agency will show some differences as to compare regarding their packages and services provided which the domestic, inbound and outbound packages shows an effect towards the agency with the implementation of GST. Respondent 3 hold the position as Executive of Product and Development. Based on this respondent, the services and packages provided by the agency are explained further with the determinants of seasonality and events which will be measured in the analysis.

The effects on commission rate received by the travel agencies: Based on the findings gained, the commission rate received by the travel agencies is varying according

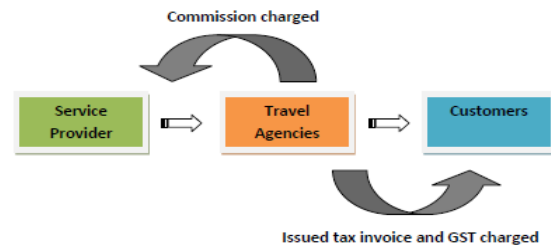


Fig. 1: Illustrates on the transaction between service provider, travel agencies and customers

to with the service provider during the Sales and Services Tax (SST) system. “Commission received during the SST period are a vary according to supplier/package/or Etc (estimate MYR30-MYR200) inbound or outbound packages” (Respondent 1).

In the implementation of GST, the amount of commission received is still the same but the selling rate will be inclusive 6% of the GST charged. “After the GST implementation, the commission is still the same only the sales rate inclusive 6% GST (depending on packages standard rated or zero rated)” (Respondent 2).

From here, the travel agencies do not face much effect from the commission that they received as in facts that travel agencies are only the intermediaries between the customers and the service providers. In this case, the travel agencies are required to issue a tax invoice under the name of the providers and charge GST for selling the services. The travel agencies will have to remit payment and GST received to the service providers. To have a better understanding of this situation, this research had illustrated the situation into simple flow charts which shown in Fig. 1.

Based on Fig. 1, the illustration explains the situation between service provider, travel agencies and customers whom the agencies will only receive commission and issued the tax invoice with GST charged to the customers under the name of the service provider. On top of that, the findings show that those three respondents were agreed with the matters that the commission rate that they received not affected with the implementation of GST. From here, it does show that travel agencies are not getting any effects from the commission received which exactly as what have been illustrated in Fig. 1.

The effects on tourists’ demand: The analysis for tourists’ demand was based on three elements which are seasonality where it explains on the demand during school holidays and events, income gain by the agencies and customers’ willingness to pay on the price provided.

Seasonality: The tourists' demand was indicated in the field of seasonality like school holidays and festivals. This research is conducted within a month after GST was implemented in Malaysia tax system. Thus, the findings gained from this research shows that the demand for tourists' travelling is less which it does indicates the effects from this new tax system. "The demand is less as customers are more expecting price of the packages without GST" (Respondent 2). "The demand gained from customers is less after GST" (Respondent 3).

Besides, less in demand also indicates the time of this research was conducted which within one month after the GST implemented and the findings gained at the end of May which there are school holidays and there is also Gawai Harvest Festival in the month of May. Through the findings, it shows that those three respondents agreed on the facts that the demand from customers is less.

Hence, based on the findings, the GST implementation does give effects to the demand for tourists' in travelling through travel agencies. This is also implies in the number of tourists' arrivals in Malaysia which seems to decrease from 2014 until March 2015. Based on the Malaysia Tourists Arrivals by Country of Nationality March (2015), the total of tourists arrival until the end of 2014 is of 7,091,433 while the number of tourists' arrival until March 2015 shows a decrease to 6,482,696. The percentage tourists' arrival growth shows a decrease from 11.2-8.6%. Even if the statistic of tourist's arrival and the demand for tourism in 2015 is not on the issue yet, but based on these basic findings, it can indicate and forecast the demand for tourism activities in the year 2015 and conjunction with the effect on the implementation of GST.

Income gain by the travel agencies: The income factors are analysed based on the relation between the demand and the rate of sales by the travel agencies. "Demand is less. Less booking and sales drop up to 20%" (Respondent 2). From the data gained through the respondents answers, it shows that two out of three respondents are affected in the terms of the agencies income gain while one respondent shows, not being affected by the income gain. This finding can be explained by the type of travel agencies participated described in the demographic factors where there are two respondents represented from the travel agencies that providing the domestic, inbound and outbound packages while there is only one respondent from the agency that providing only the domestic package which only for eco-tourism package.

Based on this matter, the affected agencies in the sales are the agencies that are providing all type of

packages which means, GST is affecting in their sales of services and packages. For this concern, GST is effected on the domestic and inbound packages as the outbound packages not being impacted in the terms of consuming services outside Malaysia. Hence, from the results shows that the agencies which providing all types of services and packages had to face less booking and drop in sales dues to their agencies marketing that providing most of the packages rather than focussing on one package. The effects on of income with the implementation of GST was shown on the agencies that have a wide range of services and packages whereas the agency that is providing only one service not having any impact through this as the differences of sales can eventually affecting the agency.

Besides, the finding also implies that the implementation of GST gives impact towards the demand received and eventually affecting their sales. Some factors indicate the demand and price which was stated in the law of demand. From the law of demand, two elements will result from it which is substitution effect and income effect. In the income effect, people will be unable to buy other things that had previously bought if the price of the goods or services rises relatively to the income. Hence, the quantity demanded the goods or services will be decreased as with the increased of income.

From here, it can say that the income effect will eventually affect the demand and price of the goods and services as well as in the view of travel agencies, the sales are drop and less booking shows within a month after the GST being implemented.

Customers' willingness to pay on the packages inclusive GST: Willingness to pay is the ability and willingness of someone to pay for any purchases. In this findings, it has found that the customers or tourists' are willing to pay for the packages provided that have inclusive with the GST charges as in the fact due to the awareness of the new tax system. "Due to awareness of the GST implementation, they have no option unless to pay the amount." (Respondent 1).

From the findings, it shows that those three respondents tell that customers' willingness to pay is basically on their awareness on the GST charged. Through this result, customers are willing to pay even with the GST charged which explains the factors of willingness to pay.

The effects on marketing level of the travel agencies: The finding found in the marketing level is basically answering the effects of this new tax system towards the packages provided and services provided. In the packages provided, there are no changes made in all the

packages from the agencies. Meanwhile in the services provided, they are required to define the zero-rated and standard-rated GST through each package and tours with each of the confirmation need to stated GST apply on it. "Packages and tours must define by ZR or SR and each confirmation need to state GST apply."(Respondent 3).

The result show from this finding is that two out of three respondents explains the services need to state GST apply on it and only one respondent are not affected in the services provided even with the charge of GST. Meanwhile, all three respondents of the agencies are not affected on the packages provided with the implementation of GST.

Based on the results, the agencies that are not affected by the implementation of GST on the services provided is the agency that providing only the eco-tourism package which here it does explains that customers' are not affected on the GST apply stated on the services provided and thus interrelated with the results of customers' willingness to pay for the services provided. Besides, the agencies that affected on the services provided shows that imposing variety of services eventually makes customers' to have the sense of choosing the right services since they are vulnerable to make a choice between services with standard-rated or zero-rated.

Hence, it is necessary for the travel agencies to have wide information on the zero-rated and standard-rated GST to explain to the customers on how both of these rated tax charges differ with each other. Besides, the travel agencies need to know which goods and services implement in zero-rated or standard-rated. However, based on the finding on the demand above, it is appropriate for the tours and travel agency to compete in the area of marketing level with distributing a better marketing provocation in promoting their packages.

Based on the observation for this research, most of the agencies in this research happen to not have any websites which now people are likely wanted to look upon on the internet more than having a physical advertisement. The internet will play a significant role in promoting the agencies name and packages which nowadays the competition seems more competitive as there are plenty of travel agencies growths as to initiates in the tourism industry. According to Volek (2011), in today environment, a successful strategy of a travel agency cannot be complete without an active presence in the online environment. This is mainly because of the increasing availability of the internet and the growing number of potential customers who may purchase products and services online. Thus, it is important for the travel agencies to be at the top of the search engines

which will trigger people to look more at the agencies services and products available. The search engines are also the most common starting point to attract people and so it is important for travel agencies to be placed in the first positions in the search engine (Volek, 2011). Hence, it is recommended that the travel agencies put up more efforts in marketing their packages and services as to increase the demand and helping them to compete with other agencies in surviving the business.

Through the finding, the marketing level in the terms of services and packages provided are not being affected by the implementation of GST and no changes have been made in the packages given by the agencies. Given that finding, this research recommended that the tours and travel agencies have a better marketing level especially in the area of internet environment whereby indicating the finding of less in demand and thus improving the demand and sales through improvising the marketing level of the agencies.

The travel agencies preparations and strategies on facing GST:

The preparedness is determined through preparations to apply to the travel agencies in facing the GST tax system. It shows that the agencies do make some preparation to commit to the new tax system. "In preparation for facing the GST, our travel agencies had the initiative to attend the GST seminar" (Respondent 1)

"Nothing much to prepare for facing the GST system but we do buy the accounting software for calculating the inclusive charge of GST" (Respondent 3).

From here, the results show that two out of three respondents of the agencies had an attending seminar on GST while one respondent had to implement GST through purchasing the accounting software for calculating GST. At the beginning of GST implementation, it is important for the agency to have certain preparations to be aware of this new tax system and how they apply to be the registered in GST. Based on the finding, the minimal preparation is required to ensure that the travel agencies can cope with the GST system as there will be few impacts to run their business. According to Customs Department GST Director mentioned that "The system is in place. But my main concern is the preparation of the businesses, as failure to understand the GST guidelines will result in the companies facing problems, especially in the early stage of implementation." From here, it is a relevant action from the agencies to be aware of the important in the preparation of facing GST as to avoid from any defect in the business especially regarding calculating the GST and issuing the tax invoice as the output tax. This can be seen from the SME Corporation Malaysia chief executive officer mentioned that "businesses may need to purchase

new ICT hardware and recruit additional employees to handle the GST compliance work. This will affect operational costs. The impact on short-term cash flow must also be assessed because accounting for GST in Malaysia will be on an invoice basis.' Through this statement, the GST implementation will be much affected the business if there are no preparations actions made in applying this new tax system. On top of that, the preparations made also have to come out as one the strategies in maintaining the travel agencies in business around the tourism industry. The findings had found that the agencies do not have any specific strategies such as modifying the services and packages provided to improve the marketing segment of the agency instead of they are only following all the rules and regulations required and stated the term of inclusive GST in the packages provided.

CONCLUSION

The findings had shown that some of the elements to indicate the effect of GST on travel agencies are not merely affecting the agencies. On the commission rate of the agencies, the effects will be more to the customers who paid the tax charged while the agencies are only facilitating the services or products which it will not affect in the income gain by the agencies. The revenue gain by the agencies is eventually can be seen through the tourists' demand which they had to face with less in demand and drop in sales where it shows the income gain by the travel agencies indirectly.

Meanwhile, the tourists' demand also implies in the matters of demand gained during the school holidays where the data is collected after the school holidays and thus it shows that they are having a less demand during that season. Their willingness to pay for the price will only be measured if their income is relatively higher than the price and the effects of the seasonality do comply with the demand as less demand started within a month after GST was implemented. Hence, there are interrelations between all the subject matters from seasonality, income and customers willingness to pay for the effects of GST towards travel agencies.

On top of that, the marketing level from the travel agencies happens not to have to affect much on the agencies but still in need to have a better marketing segmentation to increase the demand and sales of their services. Thus, as the beginning of the process to face the GST, the agencies had made few preparations such as attending the seminar and applying new account software

for calculating GST which here means that they are following the rules and regulations for businesses to register for GST as well as providing a marketing segmentation in maintaining their business. They are also recommended that accurate information should be made available so that customers and agencies can understand it better and in the matters of calculating the GST in the invoice tax, it was suggested that more example should be introduced to avoid any misunderstanding from the calculation made.

In conclusion, the effects on eco-tourism travel agencies in the implementation of GST have shown in few determinants. The travel agencies are affected by their income gain which they are having less in demand during school holidays and they are in need to include GST charged on their services which somehow influencing the prices of the packages provided. However, along with the effects that they had faced, the travel agencies had also made few preparations on improving their services and marketing system. Attending seminar and buying account software for GST is somehow a good effort to prepare for this new tax system and hence enabling them to manage their business well. Thus, it shows that the travel agency does affect by the implementation of GST in few ways but they are still able to cope it with proper preparations and management.

REFERENCES

- Cheung, R. and P. Lam, 2009. How travel agency survive in E-business world. *Commun. IBIMA.*, 10: 85-92.
- Guliling, H., Y.A. Aziz, J. Bojei and M. Sambasivan, 2013. Conceptualizing image, satisfaction and loyalty of heritage destination. *Proceedings of the 4th International Conference on Business and Economic Research ICBER 2013*, March 4-5, 2013, Golden Flower Hotel, Bandung, Indonesia, ISBN: 978-967-5705-10-6, pp: 104-126.
- Hanafiah, M.H.M. and M.F.M. Harun, 2010. Tourism demand in Malaysia: A cross-sectional pool time-series analysis. *Int. J. Trade Econ. Finance*, 1: 200-203.
- Loo, E.C. and M. McKerchar, 2014. The impact of British colonial rule on the Malaysian income tax system. *E. J. Tax Res.*, 12: 238-252.
- Opdenakker, R., 2006. Advantages and disadvantages of four interview techniques in qualitative research. *Qual. Soc. Res.*, Vol. 7.
- Volek, M., 2011. Online marketing strategies for travel agencies. *Stud. Commercial Bratislavensia*, 4: 590-599.