

GOODS & SERVICES TAX (GST)

Malaysia Offices: Ipoh, Klang, Kuala Lumpur, Melaka, Batu Pahat, Johor Bharu
International Offices: Singapore, Shenzhen, Guangzhou and Hong Kong

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Overview of GST

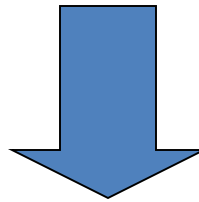
- Broad based
- Multi-stage
- Consumption tax
- Tax on final consumption
- Collecting through a credit system
- Self monitor system
- Fair and transparent systems

	Cost + GST	Selling Price	GST Output Tax (6%) [A]	Total	GST Input Tax [B]	Net GST Payable [A] – [B]	
Materials supplier	-	100	6	106	0	6	
↓							
Manufacturer	106	300	18	318	(6)	12	
↓							
Wholesaler	318	500	30	530	(18)	12	
↓							
Retailer	530	600	36	636	(30)	6	
↓							
Consumer	636	Final consumers pay the GST RM 36					36

In order to make it simple, the above illustration just taken purchases as working example, in actual facts those GST incurred on expenses and assets expenditures are allowed to claim as input tax credit as well.

Overview of GST

~~Sales Tax and Services Tax (SST)
6% & 10%~~



Goods And Services Tax (GST)
Proposed rate : 6%

Scope and Charges of GST

Scope and Charges of GST

- Scope of tax
 - Any taxable supply of goods & services
 - Made in the course or furtherance of any business
 - By a taxable person
 - In Malaysia
 - Importation of goods & services into Malaysia

What is supply ?

- Supply is defined
 - All forms of supply
 - Does not include money
 - Done for consideration
 - Anything which is not supply of goods is supply of services
 - Disposal of business assets
 - Deemed supply
 - Application of business assets for non-business purposes
 - Business gift exceeding RM500 given to the same person in the same year

What is supply ?

- Not supply
 - Cash donations
 - Compensation
 - Contribution to pension, provident or social security funds

Types of GST

Types of supply	Output tax	Input tax
Standard-rated	6%	Claimable
Zero-rated	0%	Claimable
Exempted	No GST charged	Not claimable

GST - Zero Rated Supply

Goods or Services

- Medicaments & medical gases in the National Essential Medicines List issued by the MOH and approved by Minister
- Goods supplied to designated areas
- The supply of treated water by a person who is licensed under the Water Services Industry Act 2006
 - Excluded distilled water, mineral water, de-ionised water & oxygenised water
- The supply of the first 300 units of electricity to domestic consumers

GST - Zero Rated Supply

Goods or Services

- Foodstuff or live stocks e.g. cattle, buffalo, chicken, goats, fish, vegetables, fruits, rice, eggs, sugars, salt etc.
- Prepared milk in powder form (1901.10.211) (infant use) / (1901.10.100)
- Bee hon, mee kuning, laksa & kue tiaw
- White bread & wholemeal bread (not containing fruit, nuts & seeds)
- Coffee powders & tea
- Exercise books, dictionaries, student text books, reference books, work books, religious text, children's picture, drawing or colouring books
- Newspapers & online newspapers
- Exports of goods and services

GST – Exempt Supply

Goods or Services

- Lands used for residential, agriculture or general use
 - Exclude lands being used for hunting & fishing activities
 - For residential purposes includes any parking facilities which is ancillary to the supply of residential building
 - General use – burial grounds, playgrounds or religious building
- Supply of investment of precious metals e.g. gold, silver, platinum, gold coins, silver coins, platinum coins etc.
- Financial services
 - Loan facilities
 - Exchange of currency
 - Transfer of ownership of securities, derivatives, future contracts etc.
 - Issue, holding or redemption of unit trusts
 - Life insurance or life reinsurances
 - The above exclude any fee, commission, or other similar charges

GST – Exempt Supply

Goods or Services

- Educational services
 - Private child care, pre-school, primary & secondary school education registered under the
 - Education Act 1961
 - Education Act 1996
 - Majlis Amanah Rakyat Act 1966
 - Child Care Centre Act 1984
 - Enactment related to the control of Islamic religious school for all states
- Tertiary education
 - Higher educational institutions approved under
 - Education Act 1996
 - Universities and Universities Colleges Act 1971
 - University Technology MARA Act 1976
 - Educational Institutions Act 1996

GST – Exempt Supply

Goods or Services

- Educational services include:-
 - Foods & drinks supplied by a canteen operator in
 - Government or government aided pre-school, primary school & secondary school
 - Private pre-school, primary school & secondary school
- Educational and related educational services include:-
 - Prescribed curriculum
 - Course materials
 - Excursions or field trips
 - Provision of food and accommodation
 - Transportation of student
 - Administrative services e.g. student enrolment, issuance of student card etc.
 - Examination services
 - Supply of cleaning & maintenance, electricity, gas, air condition as part of the provision of student accommodation

GST – Exempt Supply

Goods or Services

- Educational services does not include:-
 - Tuition
 - Training in language
 - Computer
 - Skills
 - Vocation
 - Profession or trade or commerce
 - Mind enrichment and guidance center
- Childcare services
 - Registered under the Child Care Centre Act 1984
 - Services of any form of child care on a part-time or day-to-day basis for payment or as a benefit of employment

GST – Exempt Supply

Goods or Services

- Healthcare services
 - Provided by any private healthcare facilities registered or licensed under the Private Healthcare Facilities & Services Act 1998
 - Include:-
 - Medical, dental, nursing, midwifery, allied health, pharmacy & ambulance services provided by a healthcare professional
 - Any accommodation
 - Food services provided to patient by the registered or licensed healthcare facilities
 - others
- The supply of services to owners in a low & low medium cost housing held under strata title by
 - the joint management body and
 - management corporation
 - “low & low medium cost housing” as determined by the relevant state authority or local authority

GST – Exempt Supply

Goods or Services

- Transport services of passengers
 - in any vehicle licensed by the Suruhanjaya Pengangkutan Awam Darat or the Commercial Vehicle Licensing Board as
 - Bus excluding a chartered bus
 - Taxi excluding a hire and drive car
 - Licensed under the Railways Act 1991 to provide rail services
 - Ship or vessels excluding ship or vessel used for the purposes of recreational or pleasure
- Tolled highway
- Funeral, burial and cremation services
 - Any supply of services in a package
 - Pre-need funeral plan program

Place of Supply

Customer Supplier	In Malaysia	Outside Malaysia
In Malaysia	Taxable	Zero-rated on export
Outside Malaysia	Taxable on import	Not applicable

Time of Supply



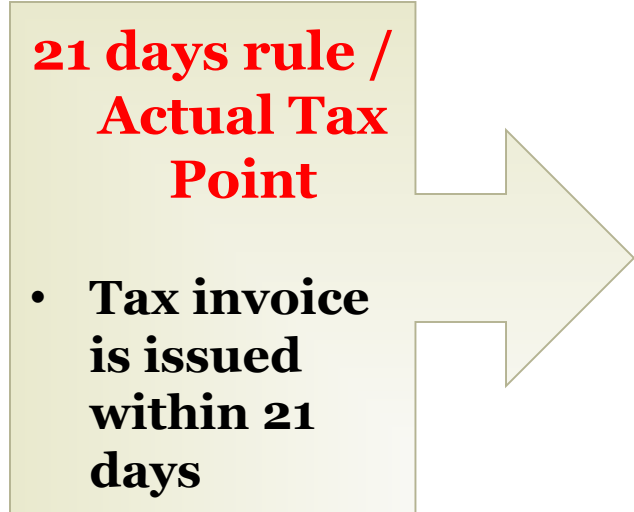
Events Before Basic Tax Point

- Payment / partial payment received
- Tax invoice



Basic Tax Point

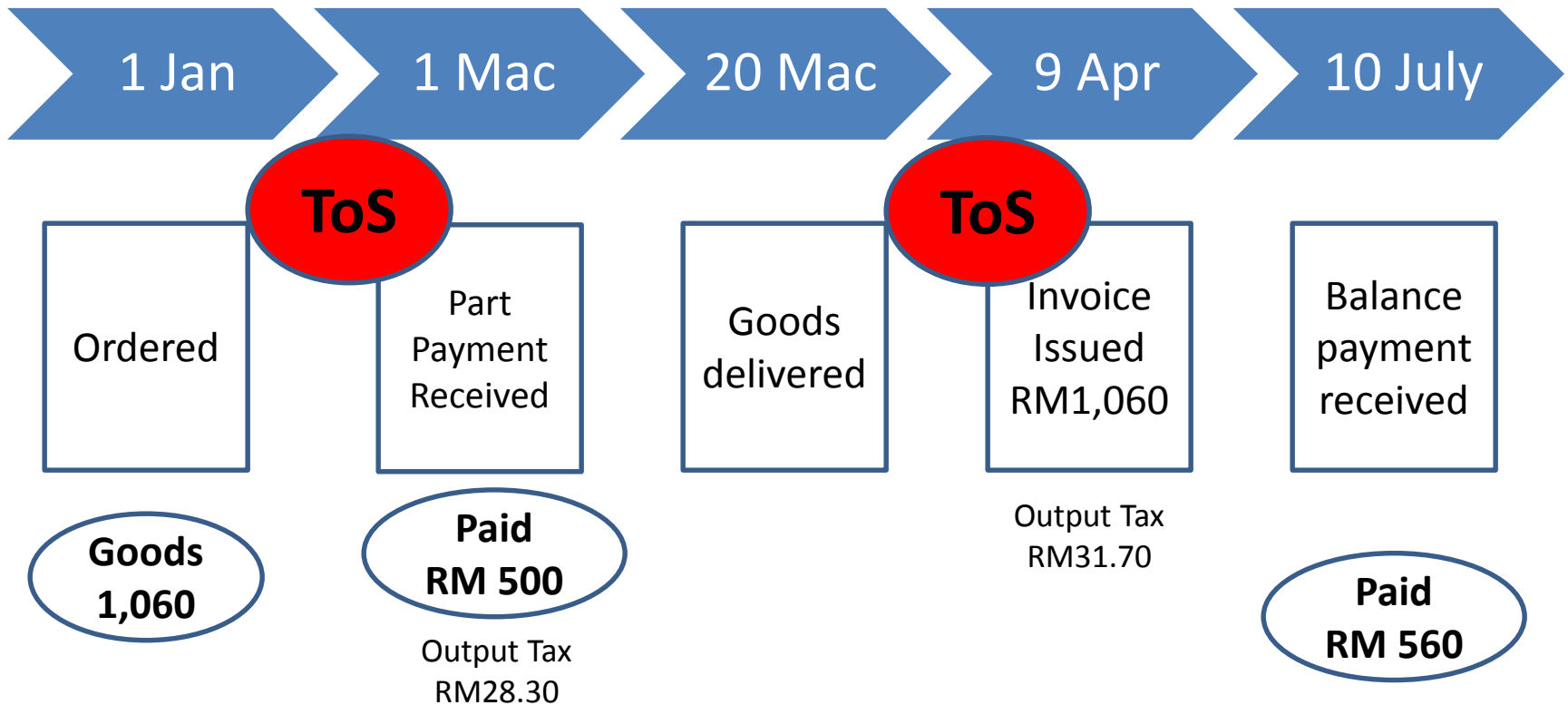
- Goods are removed
- Goods are available
- Services are performed



21 days rule / Actual Tax Point

- Tax invoice is issued within 21 days

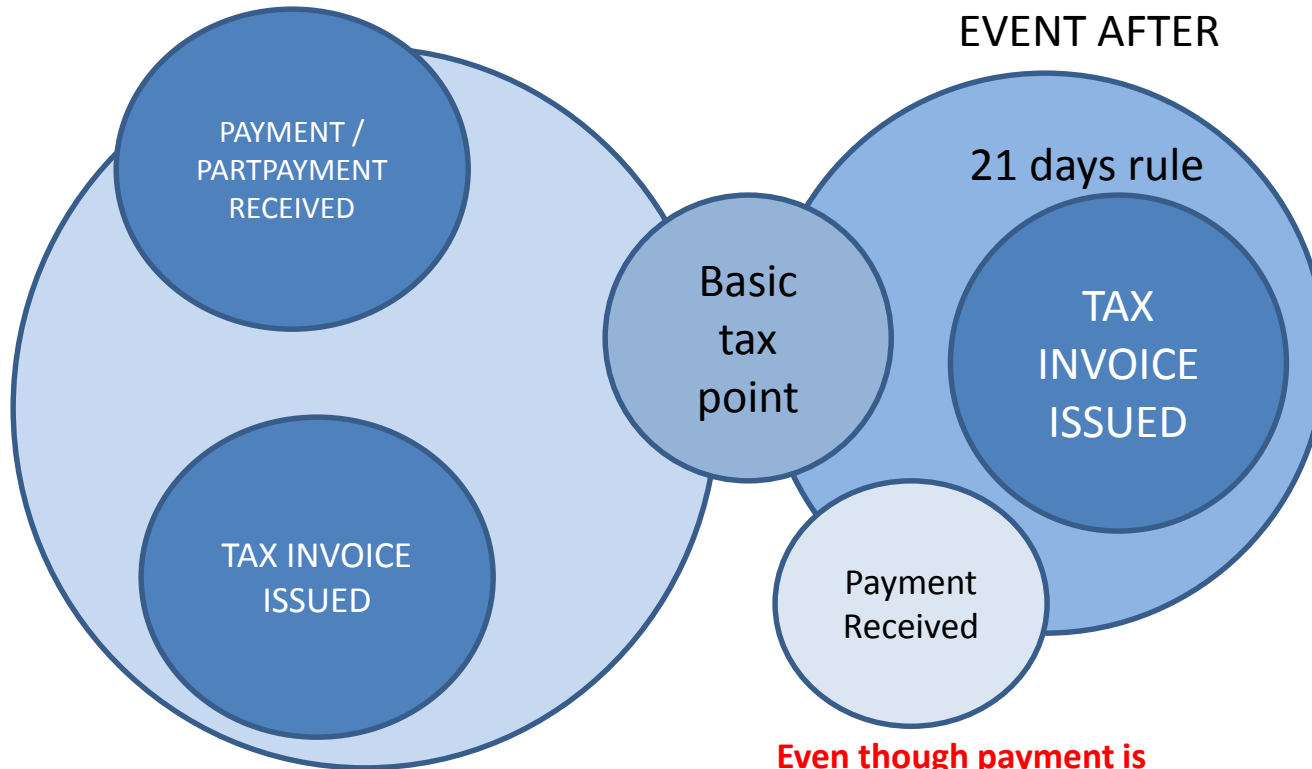
Time of Supply Rule...Cont'd



Note : the price above inclusive 6% GST

Time of Supply Rule

Events before and after BTP and 21 days rule



EVENTS BEFORE

EVENT AFTER

Even though payment is received before tax invoice is issued, it does not alter the tax point.

One Stop Professional Centre

Value of Supply – s 15 (2)

Value of supply (consideration in money)

- GST will be charged on the value of the supply
- The amount of GST due will be the value of the supply multiplied by the rate of GST

Value of supply : RM 1,000

GST rate : 6%

$$\begin{aligned} \text{GST} &= \text{RM } 1,000 \times 6\% \\ &= \text{RM } 60 \end{aligned}$$

VALUE OF SUPPLY

S 15 (3)

- Value of supply is for consideration not in money
 - Value = open market value (OMV) of the consideration Arm's length price supplied to an unconnected person
 - Eg supply handphone, in return receive TV
 - Value of supply of handphone = OMV of TV
 - Assume OMV of TV is RM1,590
 - $GST = 6/106 \times RM1,590 = \text{RM90}$
- Para 4 Third Schedule
 - "OMV" includes any tax charged and levied on the supply

VALUE OF SUPPLY

S 15 (4)

- Value of supply is for consideration not wholly in money
- Value of supply shall be taken to be an amount, with addition of GST,
- = amount of money + OMV of that consideration

Eg supply mattress value, in return receive old mattress and money

Value of mattress = money + OMV of old mattress

Eg . Trade-in goods
(Price exclusive of
GST)

- Consideration for the supply of goods is made partly in kind (trade-in goods) and partly in money
- GST has to be accounted based on the open market value of the goods and money received
 - Selling price of mattress
 - **RM2,000**
 - GST @ 6%
 - **RM 120**
 - Total = RM2,120
 - Less (trade-in old mattress)
 - **RM1,000**
 - Amount of money due from customer
 - **RM1,120**

VALUE OF SUPPLY

- Sec. 15 (7)
 - Value of supply of goods shall include excise duty paid or is to be paid

Value = price + excise duty paid or to be paid,
if applicable

Value of goods imported (S.16)

Customs Value

e.g. RM 10,000



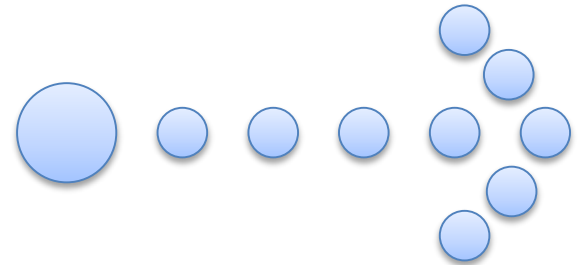
Custom Duty

e.g. 5%



Excise Duty

e.g. 10%



GST REGISTRATION

GST Registration

Mandatory Registration

Liability to Register

- Any person who makes taxable supply of goods and services in Malaysia
- Registration is mandatory for business whose **taxable turnover** has exceeded the prescribed threshold of RM500,000
- Calculation of taxable turnover for registration is based on total value of taxable supplies for **12 months period**

GST Registration

Persons include ---

- Individual
- sole proprietor
- Partnership
- Company
- Trustee
- Society
- trade union, club, association, etc
- in the business of making taxable supplies

Who Should Register to GST ?



GST Registration

Determination of taxable turnover

- Total value of taxable supplies of any month and the previous 11 months (Historical turnover)

OR

- Total value of taxable supplies of any month and the next 11 months (Future turnover)

GST Registration

Determination of taxable turnover

includes:

- Standard rated supply
- Zero rated supply (includes goods exported)
- Deemed supply (private use of business assets, business gift > RM500, supply to connected person)

Excludes:

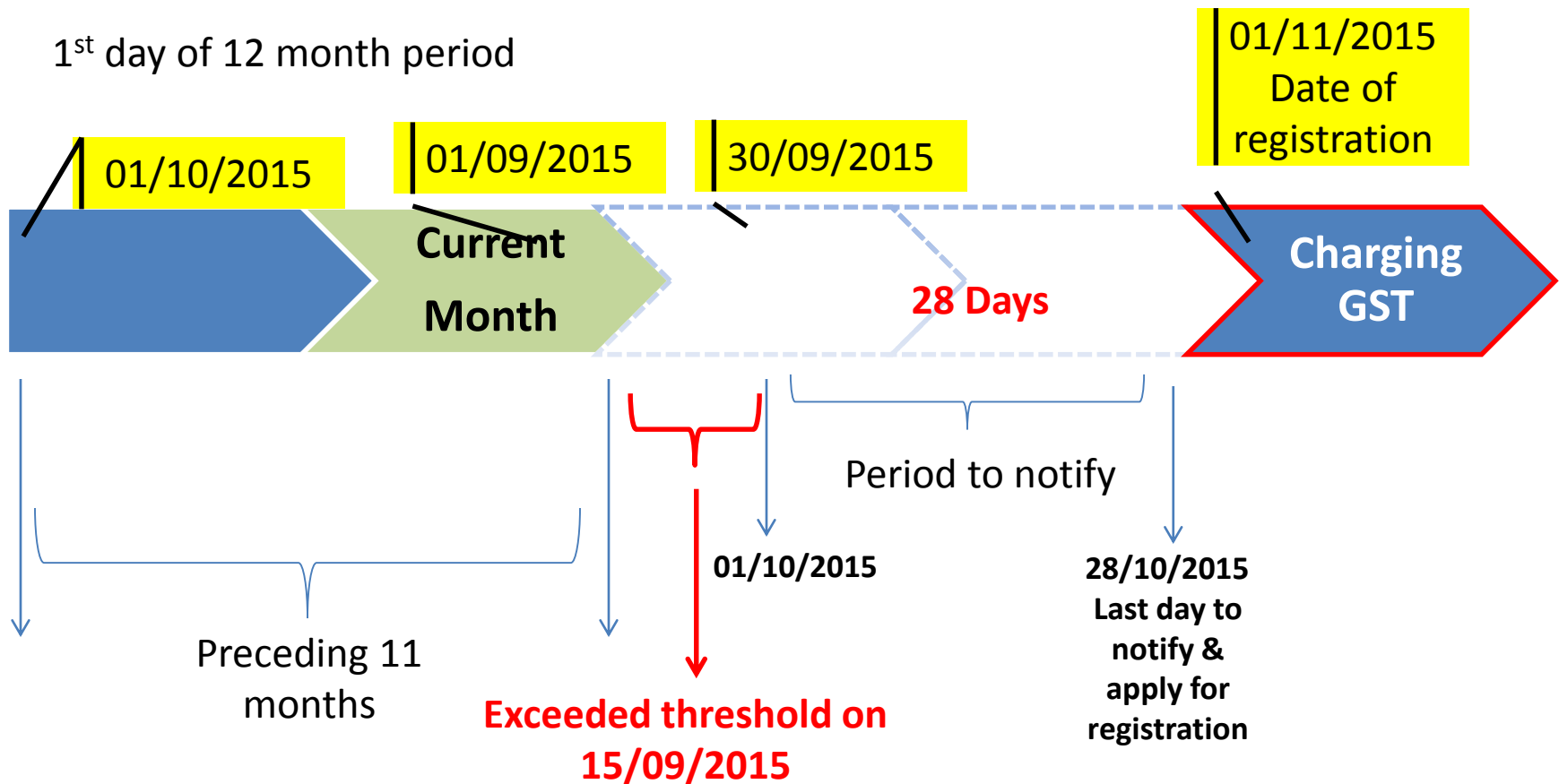
- Supplies of capital assets
- Supplies of imported services
- Disregarded supplies made in relation to Warehousing Scheme or made within / between designated areas (DA)

GST Registration

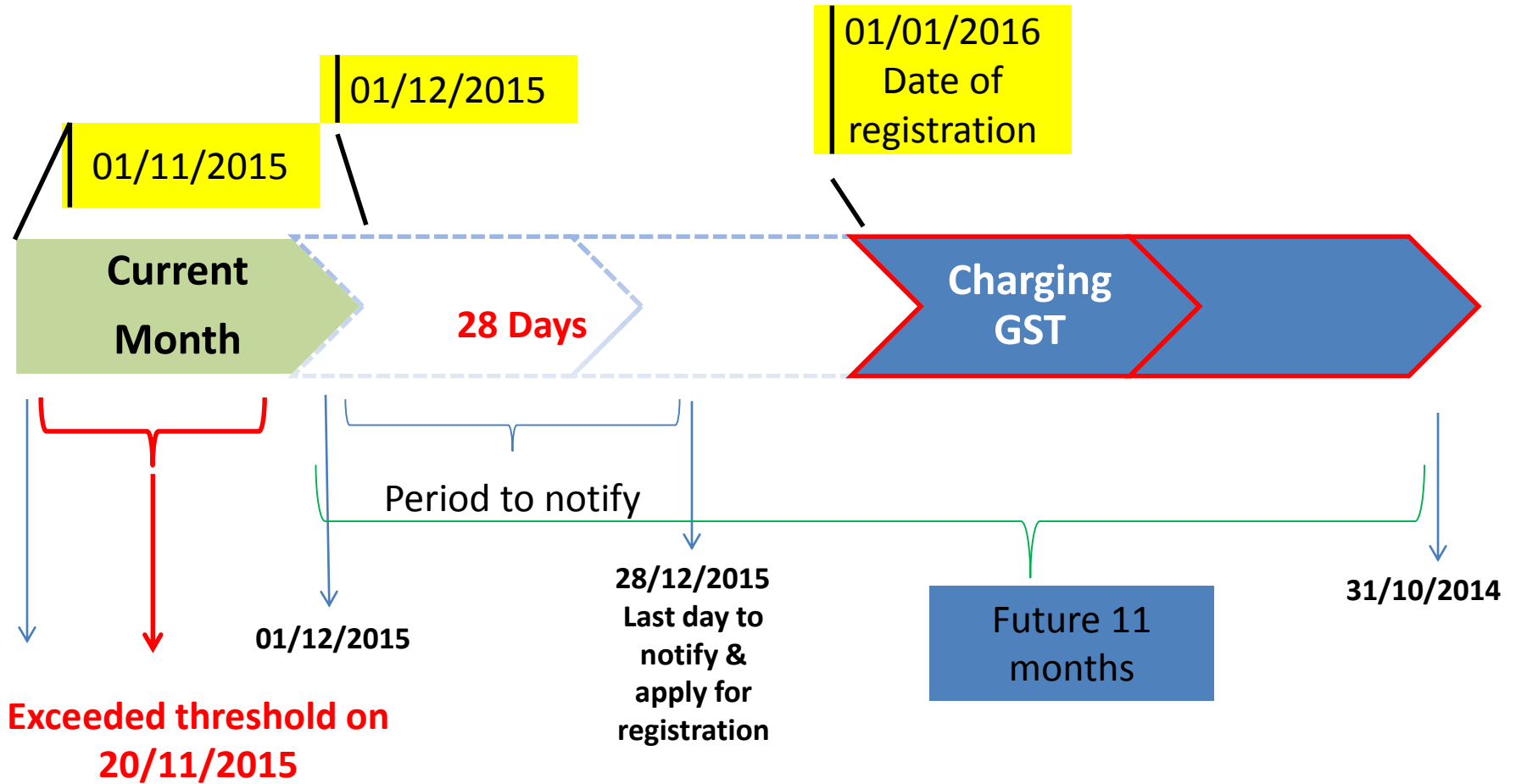
Notification of Liability

- To apply for registration within 28 days from the end of the month where taxable turnover exceeds or expect to exceed RM500,000
- Effective date of registration will be on the 1st day of the following month
- Pre-Registration before implementation of GST
 - Application to be made 3 months before implementation date
 - Pre-registration exercise begins 6 months before implementation date

GST Registration Historical Method



GST Registration Future Method



GST Registration

Who is not required to register ?

Any person ---

- Making exempt supply
- Making out of scope supply
- Making supply in designated area i.e. Langkawi, Labuan and Tioman

Late Registration Penalty

Late Registration Period (Days)	Cumulative (RM)
1 – 30	1,500
31 – 60	3,000
61 – 90	4,500
91 – 120	6,000
121 – 150	7,500
151 – 180	9,000
181 – 210	10,500
211 – 240	12,000
241 – 270	13,500
271 – 300	15,000
301 - 330	16,500
331 - 360	18,000
Exceeding 360	20,000

GST Registration

Offence & penalty

Failure to register

- Fine not exceeding RM50,000 , or
- Imprisonment not exceeding 3 years or both

DEREGISTRATION

- To deregister if he ceases to fulfill the required conditions such as below the threshold, cease making taxable supplies or cease business
- Mandatory deregistration when the business ceases to make taxable supplies
- To notify within 30 days after the cessation of business
- ❖ Required to account for and pay GST on assets and stock on hand

TAX INVOICE

TAX INVOICE

- What is a Tax Invoice?
 - document containing certain information about the supply that has been made
 - some additional information
 - such as details of registered person and supply, GST rate and the amount of GST payable

TAX INVOICE

- Importance of tax invoice:
 - May trigger the **time of supply** for a transaction
 - Primary **evidence** to support a customer's input tax claim
 - Determine **when** he may claim his input tax
 - Determine which supplies made by him should be **included in** a particular taxable period

TAX INVOICE

- Issuance of Tax Invoice (Sec.33 GST Act)
 - shall be issued by every registered person
 - makes any taxable supply
 - in the course or furtherance of any business in Malaysia
 - shall issue within 21 days after supply has taken place
 - Containing **prescribed particulars**

TAX INVOICE

- For the purpose of GST, a tax invoice
 - Must be issued by a registered person
 - The original copy to be retained by the customer
 - May be issued electronically or in a printed form
 - Must be in Ringgit Malaysia (RM)
 - Must be **certified true copy** if tax invoice is lost or misplaced
 - Marked with the word “**void**” (cancel) if information is wrong

TAX INVOICE

- Types of Tax Invoice
- The issuance of tax invoices can be classified as follows:
 - Tax Invoice:
 - Full tax invoice
 - Simplified tax invoice

TAX INVOICE

- Full Tax Invoice

– A full tax invoice should have the following particulars:

- 1) The words “**tax invoice**” in a prominent place
- 2) The tax invoice **serial number**
- 3) The **date** of issue of the tax invoice
- 4) **Name** of supplier, **address** and **identification number** of the supplier
- 5) The customer’s **name** (or trading name) and **address**
- 6) A **description** sufficient to identify the goods or services supplied

TAX INVOICE

Particulars of a full tax invoice (cont.....)

- 7) For each description, **distinguish the type of supply** for zero rate, standard rate and exempt, the quantity of the goods or the extent of the services supplied and the amount payable, **excluding tax**
- 8) **Any discount** offered
- 9) The total **amount payable excluding tax**, the **rate of tax** and the total tax chargeable to be **shown separately**
- 10) The **total amount payable** inclusive of the total tax chargeable
- 11) Any amount referred to in (9) and (10) must be expressed in **Ringgit**

KILANG KASUT SEDAP PAKAI SDN.BHD. Lot 123, Jalan Pengkaluan, 31500 Labat, Perak (GST ID No : 100001/2015) Tel : 05-3349876		Supplier's name, address and GST identification number		Tax invoice serial number
To : Syarikat Kasut Ali Sdn. Bhd. No. 27, Jalan Maju Jaya, 31400 Ipoh, Perak		voice No: 0001111 date : 25 June 2015 /O No : 8000345		Date of Tax Invoice
Customer's name & address		The words "Tax Invoice" clearly indicated		
Serial No.	Description	Quantity	Unit Price (RM)	Total (RM)
1.	School Shoes SS1201	200	8.00	1,600.00
2.	School Shoes SS1210	200	10.00	2,000.00
3.	Sport Shoes SP2315	50	25.00	1,250.00
				4,850.00
Quantity of goods or extent of the services supplied		Discount @ 10%		(485.00)
				4,365.00
Rate of GST		Add GST @ 6%		261.90
		Total Sales		4,626.90
				Total amount payable, excluding GST
		Total amount of GST charged		Total amount payable, inclusive of GST
----- KILANG KASUT SEDAP PAKAI SDN.BHD.				

(Mixed Supplies – Standard Rated and Exempt)

Supplier's name, address and GST identification number

Tax Invoice serial number

PRU DEN INSURANCE SDN. BHD.
 Lot 123, Jalan Meru, 43210 Klang, Selangor
 Tel: 03-33498765
 (GST Reg No : 100004/2015)

Invoice No : 0001114

Date : 25 June 2015

TAX INVOICE

The words "Tax Invoice" clearly indicated

Date of tax invoice

SYARIKAT AL AMIN SDN. BHD.
 No. 27, Jalan Kapar, 43210 Klang, Selangor
 (GST Reg No : 100004/2015)

Customer's name & address

Indicator for exempt supply

Indicator for standard rated supply

Description of services supplied

	Description	Total (RM)
1.	**Premium for life insurance (CEO)	200.00
	*Premium for medical insurance (10 workers@ RM70 per person)	700.00
	*Premium for fire insurance (1 office building)	2,000
4.	*Premium for motor vehicles insurance (3 company cars @ RM1,000 per unit)	3,000
	Total (excluding GST)	5,900.00
	GST payable @ 6%	342.00
	Total Amount Payable	6,242.00

Total amount payable, excluding GST

Total amount of GST charged

Total amount payable, including GST

GST Summary	Item	Amount (RM)	GST (RM)
*6%	3	5,700.00	342.00
**Exempt	1	200.00	Nil

PRU DEN INSURANCE SDN. BHD.

(Mixed Supplies – Standard Rated and Zero Rated)

DORY MART SDN. BHD.
 Lot 123, Jalan Raja, 98000 Miri
 Sarawak
 Tel : 085-650000
 (GST Reg No : 100004/2015)

Supplier's name,
 address and GST
 identification
 number

Tax Invoice No: T01114
 Date: 7 November, 2015

Tax
 Invoice
 serial
 number

Date of Tax
 Invoice

TAX INVOICE

BIG CAFE SDN. BHD.
 Lot 123, Jalan Pujut, 98000 Miri, Sarawak
 Tel : 085-659090

Customer's
 name & address

The words "Tax Invoice"
 clearly indicated

No.	Description	Qty	Price per unit	Total (RM)
1.	*Julie's Lemon Crackers A1101	10	10.00	100.00
2.	*Yogurt (Unit) A1102	10	5.00	50.00
3.	*Mineral Water A1103	50	1.00	50.00
4.	**Flour B0123	30	2.00	60.00
5.	**Sugar B0234	10	2.30	23.00
6.	**Salt B098		0.70	7.00
Total (excluding GST)				290.00
*GST payable @ 6%				12.00
Total Amount Payable				302.00

Indicator for
 standard
 rated supply

Indicator for
 zero rated
 supply

Description of
 goods supplied

Total amount
 payable
 excluding GST

Rate of
 GST

Total amount of
 GST charged

Total amount payable
 inclusive of GST

GST summary
 * 6%
 ** 0%

Amount(RM)
 200.00
 90.00

Tax(RM)
 12.00
 0.00

DORY MART SDN. BHD.

TAX INVOICE

- Simplified Tax Invoice
 - The Director General may allow some registered persons to issue simplified tax invoice in their business transactions
 - This type of invoice is used by **retailers who normally generate large volume of invoices daily to end consumers** e.g. supermarkets, eateries, petrol kiosks and other point of sales outlets
 - This invoice can be issued regardless of any value of sales
 - Can take the form of an invoice, receipt, voucher or any other similar document, as long as it has all the **required information of a simplified tax invoice**

TAX INVOICE

- Details of Simplified Tax Invoice
 - 1) The **name, address** and **identification number** of the supplier
 - 2) The **date** of issuance of the invoice
 - 3) **The tax invoice serial number**
 - 4) A **description** sufficient to identify the goods or services supplied
 - 5) For each description, **distinguish the type of supply** for zero rate, standard rate and exempt, the quantity of the goods or extent of the services supplied and the amount payable, including tax
 - 6) The **total amount payable inclusive** of total tax chargeable
 - 7) The **rate of tax** and the **amount of tax chargeable**
 - 8) Any **discount** offered

TAX INVOICE

- Simplified Tax Invoice and Input Tax Claim
 - Simplified tax invoice can be used to claim input tax if the amount of GST payable is RM 30.00 or less (6%GST) or value not more than RM 500
 - If the amount of GST payable is more than RM30.00, the recipient can only claim input tax RM30.00
 - He must request for a full tax invoice to enable him to claim the full amount of input tax if GST payable is more than RM30.00

Example of Simplified Tax Invoice

Figure 6: Example of Simplified Tax Invoice (Wholly Taxable Supply)

COMFORT PARKING SDN. BHD. GF1-03, Kompleks Beli-Belah, Jalan Kenangan, 41100 Klang, Selangor. (GST ID No: 003456/2014) Tel : 03-33498765		Inv No: A00295 Date: 25.6.2015
Description	Total (RM)	
Parking fee – 3 hours @ RM1 per hour	3.18	
Rounding Adj.	0.02	
TOTAL AMOUNT DUE	*3.20	
* GST @ 6% included in total		RM0.18

Supplier's name, address and GST identification number

Tax invoice serial number

Date of tax invoice

Total amount payable inclusive of GST

Description of goods or services supplied

Rate of GST

Total amount of GST charged

Figure 7: Example of Simplified Tax Invoice (Mixed Supplies)

AGRO SHOPPING CENTRE SDN BHD				
Supplier's name, address and GST identification number DESA PINGGIRAN PUTRA, SG. MERAB TEL: 03 – 88960000 FAX: 03 – 88961111 GST Reg. No:				
Date: 30/6/2015		15:35:45		
Date of Tax Invoice		Tax invoice serial number		
Invoice No: V001619				
Indicator for standard rated supply				
Indicator for zero rated supply				
Total amount payable including GST				
Total amount of GST charged				
Description of goods or services supplied	Unit	Unit Price (RM)	Total (RM)	
BISCUITS PNKL [PACK] 010611	1	3.90	3.90	S
PRINGLES SC 182G [PCS] 001002	1	6.90	6.90	S
SUGAR 123235	2	1.45	2.90	Z
Item Count			4	
Total Sales Inclusive GST @ 6%			13.70	
Rounding Adjustment			0.00	
Cash			14.00	
Balance			0.30	

GST summary		Amount(RM)	Tax(RM)	
S = 6%		10.19	0.61	
Z = 0%		2.90	0.00	
Print : 30/6/2015				
Salesperson : Amin				

RECORDS KEEPING

- Records keeping
 - Keep full and true records of all transactions which affect or may affect his liability to tax
 - Shall be kept in Malaysia
 - In the national or English language
 - Keep for 7 years from the latest date to which the records relate
- Failure to keep record
 - Fine not exceeding RM 50,000 or
 - Imprisonment for a term not exceeding 3 years or both

ACCOUNTING BASIS

Accounting Basis

- **Invoice basis**

- Generally, every taxable person shall account for GST on an invoice basis
 - account for output tax at time of supply
 - claim input tax on the date which he holds a valid tax invoice

- **Payment basis**

- Upon DG approval
 - eg retailers, grocery shops, restaurants

TAXABLE PERIOD

READING

GST Act

Section 40 – Taxable Period

- Regular interval period where a taxable person accounts and pays GST to the government
- The registered person will be allocated monthly, quarterly and six months taxable periods according to the annual business turnover on the approval of GST registration as below:
 - Below RM 5 Million – Quarterly
 - Above RM 5 Million – Monthly

The default taxable period is the quarterly taxable period is the quarterly taxable period

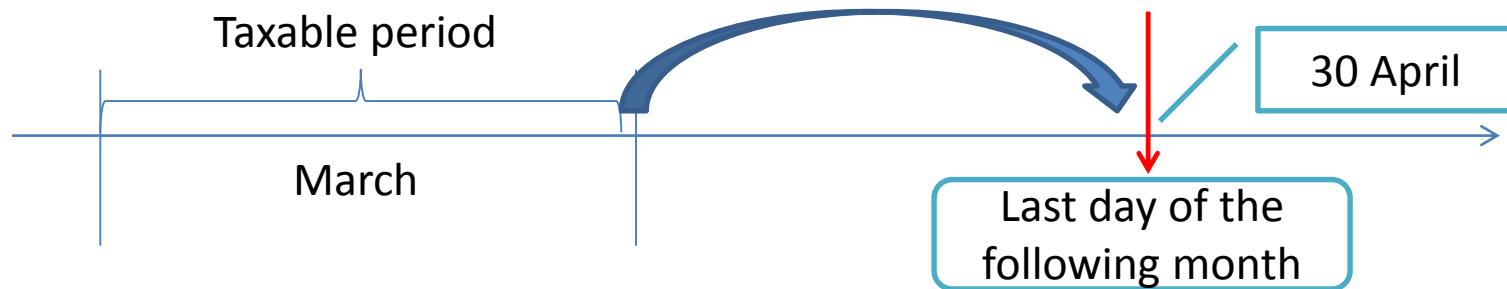
TAXABLE PERIOD

The filing frequency of the various taxable periods are as below

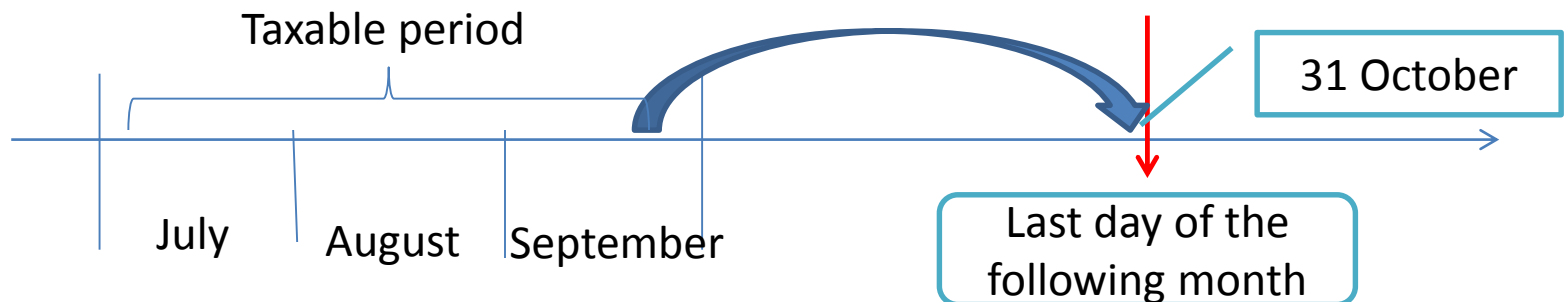
Filing Frequency	Taxable Periods
Quarterly	Jan-Mar, Apr-Jun, Jul-Sep, Oct-Dec
	Feb-Apr, May-Jul, Aug-Oct, Nov-Jan
	Mar-May, Jun-Aug, Sep-Nov, Dec-Feb
Monthly	Every month

SUBMISSION & PAYMENT

Example : monthly taxable period



Example : quarterly taxable period



PENALTY

Tax remains unpaid	Rate of penalty	Cumulative
1 – 30 days	5%	5%
31 – 60 days	5%	10%
61 – 90 days	3%	13%
91 – 120 days	3%	16%
121 – 150 days	3%	19%
151 – 180 days	3%	22%
181 days or more	3%	25%

ADJUSTMENT – CREDIT NOTE

- Credit Note
 - Discount given
 - Transaction is cancelled for whatever reason
- The taxable person
 - must reduce his output tax on the return for the taxable period in which the credit note was issued.
- The customer who is a registered person
 - reduce his input tax in the return for the taxable period in which he received the credit note.

ADJUSTMENT – CREDIT NOTE (SUPPLIER)

1 Mar 2016

Sales
RM84,800

Account for
Output Tax
RM 4,800

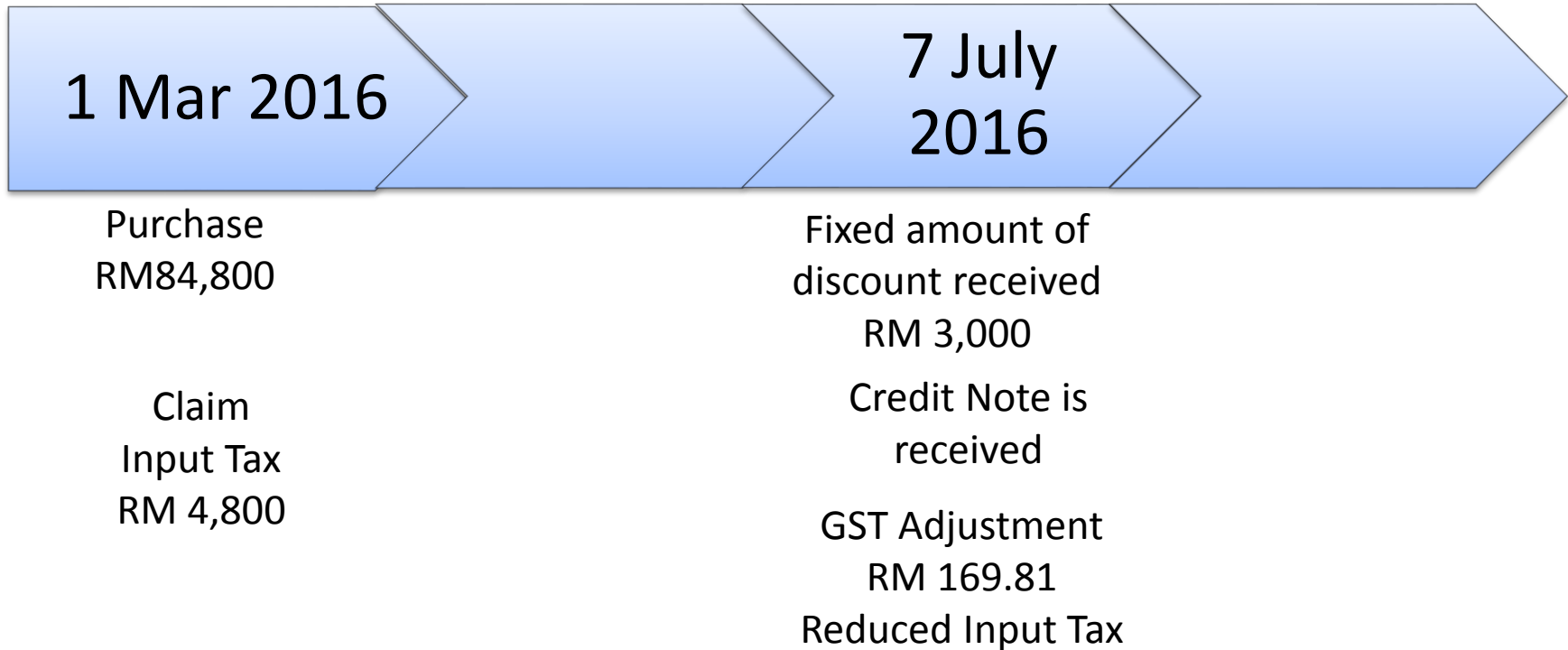
7 July
2016

Fixed amount of
discount given
RM 3,000

Credit Note is
issued

GST Adjustment
RM 169.81
Reduced Output Tax

ADJUSTMENT – CREDIT NOTE (CUSTOMER)



ADJUSTMENT – CREDIT NOTE

EXAMPLE

Goods sold on 20/06/15 by company A to company B, amount RM 1,000, plus GST 6%. Goods returned on 10/10/15 to company A, amount RM208. Credit note issued on 20/10/15 by company A.

Company A (Seller)

Jun 15

Output tax: $RM1,000 \times 6\% = RM60$

Oct 15 (Adjustment)

Decrease output tax: $RM208 \times 6/106 = RM 11.77$

Company B (Buyer)

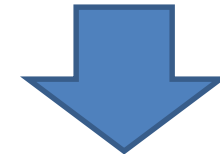
Jun 15

Input tax – $RM1,000 \times 6\% = RM60$

Oct 15 (Adjustment)

Decrease Input tax – $RM208 \times 6/106 = RM 11.77$

OUTPUT TAX



INPUT TAX



One Stop Professional Centre

CREDIT NOTE ISSUANCE – ACCOUNTING ENTRY

Dr Sales Returns – RM196.23

Dr GST output tax – RM 11.77

Cr Trade Debtors – RM 208.00

ADJUSTMENT – DEBIT NOTE

- Debit note
 - The amount previously invoiced is increased for the same supply (under-charge etc.)
- A taxable person issues a debit note
 - Increase his output tax in the return for the taxable period in which the debit note was issued
- The customer who is a registered person
 - Increase his input tax in the return for the taxable period in which he received the debit note.

ADJUSTMENT – DEBIT NOTE (SUPPLIER)

21 Jan 2016

Sales
RM53,000

Account for
Output Tax
RM 3,000

2 Feb
2016

Under-charged amount
RM 1,060 (Inclusive of 6%
GST)

Debit Note is
issued

GST Adjustment
RM 60
Increase Output Tax

ADJUSTMENT – DEBIT NOTE (CUSTOMER)

21 Jan 2016

Sales
RM53,000

Account for
Output Tax
RM 3,000

2 Feb
2016

Under-charged amount
RM 1,060 (Inclusive of 6%
GST)

Debit Note is
received

GST Adjustment
RM 60
Increase Input Tax

CREDIT NOTE & DEBIT NOTE

- Shall contain the following particulars :-
 - the words “**credit note**” or “**debit note**” in a prominent place;
 - the **serial number** and **date** of issue;
 - the **name, address** and **GST identification number** of the **supplier**;
 - the **name** and **address** of the person to whom the goods or services are supplied;
 - the **reasons** for its issue;
 - the **description** of the goods or services;
 - the **quantity** and **amount** for each supply;
 - the total **amount excluding tax**;
 - the **rate** and **amount of tax**; and
 - the **number** and **date** of the **original tax invoice**

CREDIT NOTE (EXAMPLES)

KENSTONE (M) SDN BHD
 (COMPANY NO: 222111 U)
 15 JALAN CEPAT, KAWASAN PERINDUSTRIAN TAMPOL,
 80350 JOHOR BAHRU, JOHOR, MALAYSIA.
 TEL: 07-2323444 FAX: 07-2332442

CREDIT NOTE

To
 Ali Maju contractor Sdn Bhd
 20 Jalan Maju, Taman Maju Jaya,
 Kulai Jaya,
 Johor.

CN No. : 12542
 Date : 21.2.2006
 GST No. : L1128886

Your return ref. no.	ACCOUNT NO.	Tax Invoice no.	Date of Invoice:
DO No. 5455	0000117879454	55473	12.1.2006

ITEM	DESCRIPTION	QUANTITY	UNIT PRICE (RM)	VALUE
No.1	Tiles	120 pcs	5.00	600.00
TOTAL				600.00
6% GST				36.00
REFUNDED CHARGE				636.00

Reason for return:

Damaged goods

DEBIT NOTE (EXAMPLES)

KENSTONE (M) SDN BHD
 (COMPANY NO: 222111 U)
 15 JALAN CEPAT, KAWASAN PERINDUSTRIAN TAMPOL,
 82350 JOHOR BAHRU, JOHOR, MALAYSIA.
 TEL: 07-2323444 FAX: 07-2332497

DEBIT NOTE

To
 Ali Maja contractor Sdn Bhd
 20 Jalan Maju, Taman Maju Jaya,
 Kulai Jaya,
 Johor.

DN No. : 1548
 DATE : 20.2.2016
 GST No : 12128888

Your ref. no.	Account no.	Tax Invoice No.	Date of invoice
DO No. 5455	1010017879454	124345	15.1.2016

ITEM	DESCRIPTION	QUANTITY	UNIT PRICE (RM)	VALUE (RM)
No.2	Sales Value for Tiles code no. 45 as per invoice no. 124345 dated 15.1.2016	1000pcs	5.00	5000.00
	Revised sale value			5000.00
	Difference			4500.00
			TOTAL	= 4500.00
			GST 8%	= 370.00
			CHARGE TO BE PAID	= 4770.00
Reason : The sale price for item no.2 worth RM 5,000 for RM500 by mistake.			Approved By: <i>Faiyazul Hafiz</i>	

ADJUSTMENT – BAD DEBTS

Conditions For Relief Of Bad Debts

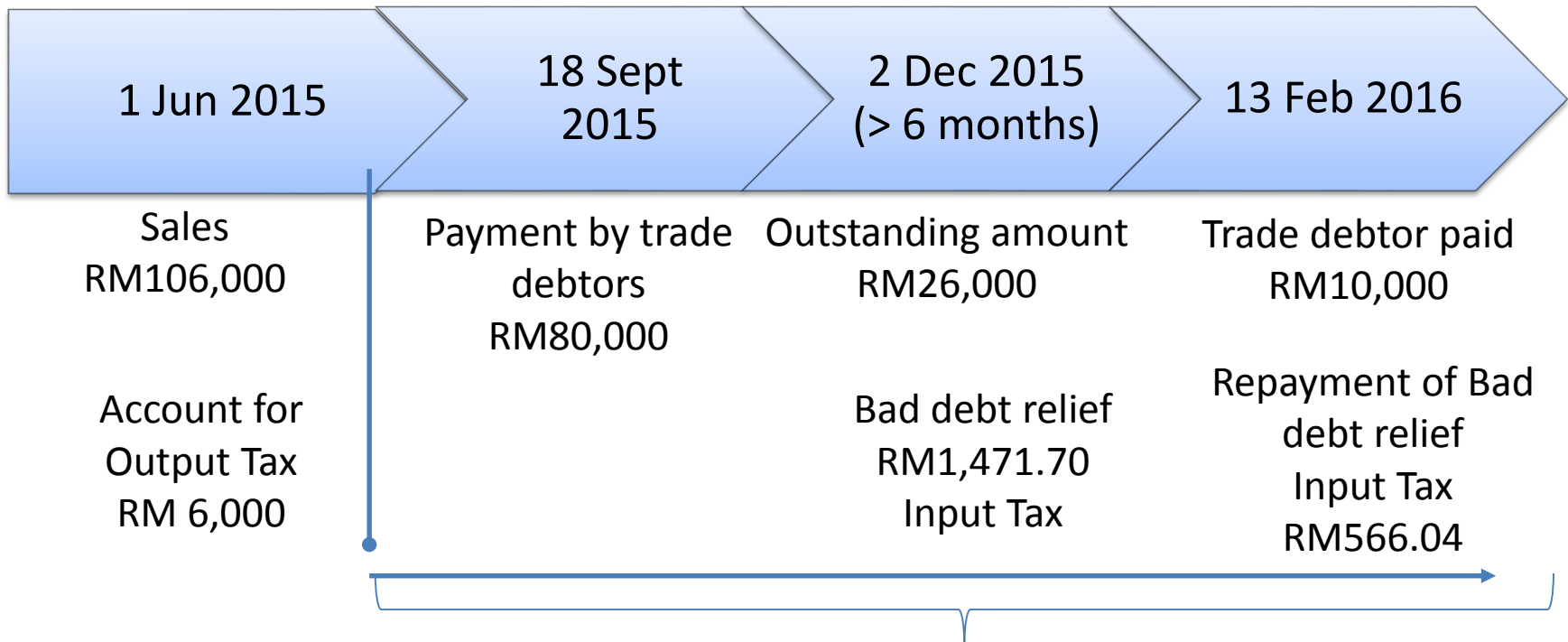
- tax account and paid on the supply;
- payment or part of the payment is not received after **6 months** from the date of supply; or
- the debtor has become insolvent before the period of 6 months has elapsed; and
- reasonable efforts have been made by such person to recover the tax

ADJUSTMENT – BAD DEBTS

Entitlement of supplier

- Claim within 6 years from the date of supply;
- Claim relief as input tax
- Subsequently receive repayment after claiming the tax
 - account as output tax in return for the taxable period he receives the payment of the tax from the customer

ADJUSTMENT – BAD DEBTS

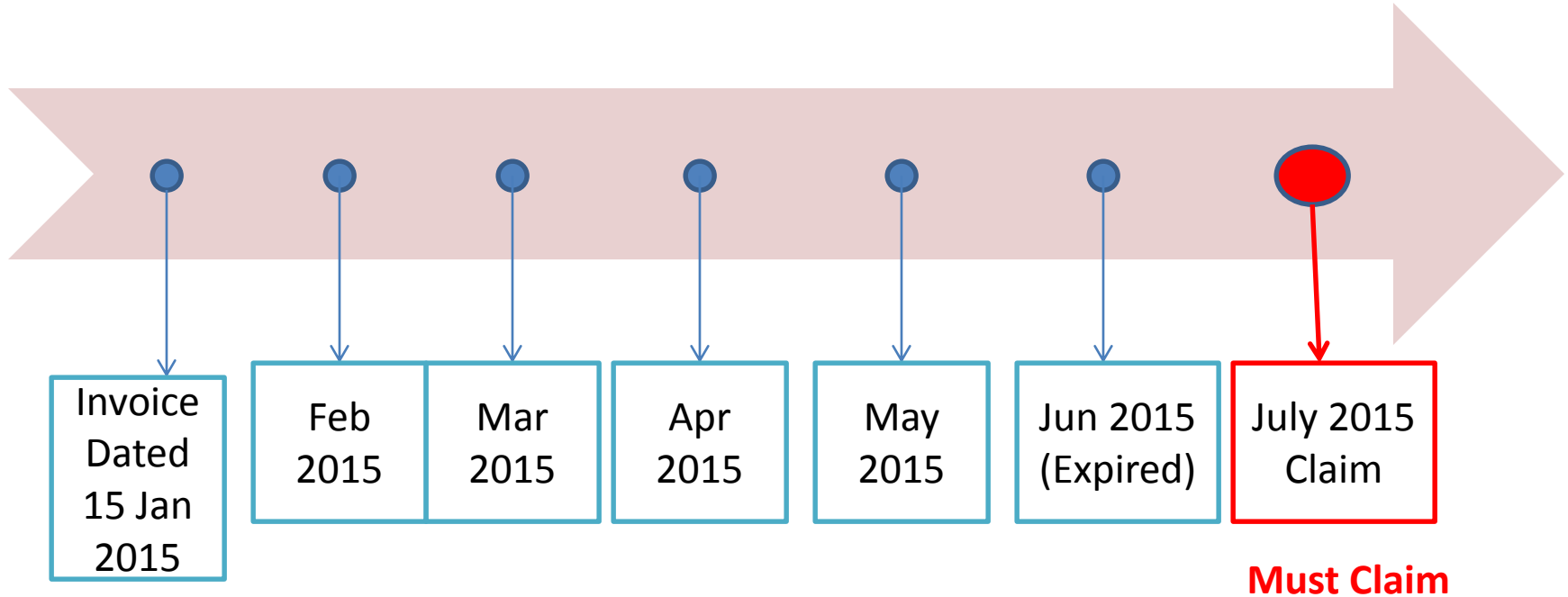


Can claim bad debt reliefs within 6 years (31 May 2021)

GST - Panel Decision

	Issues	RMC Decisions
1	Claiming bad debt relief	<ul style="list-style-type: none">• Sec 58 - Payment not received in full or partially <u>after 6 months from the date of supply</u>• Bad debts relief <u>must be claimed immediately</u> after the expiry of 6th month<ul style="list-style-type: none">○ If not claimed as above, the registered person <u>must apply in writing</u> for DG's approval on his intention to claim on later date• "Month" refer to calendar month or complete month

GST - Panel Decision



Repayment of Input Tax

Repayment of Input Tax

Repay

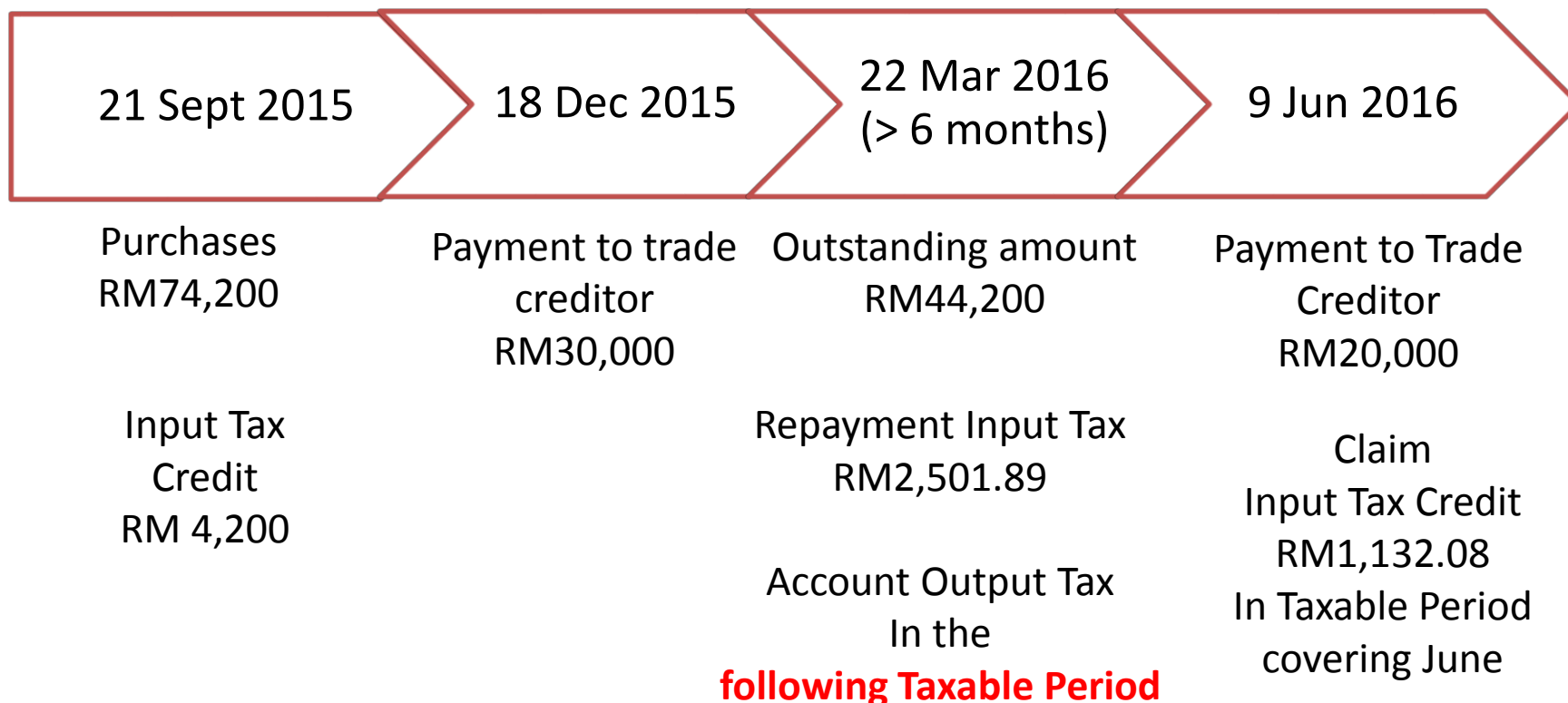
- if fails to pay consideration within 6 months from date of supply but claim input tax
- as output tax
- account in the taxable period covering the month after the six months period

Repayment of Input Tax

Entitle to claim output tax paid

- if subsequently has paid consideration to supplier
- as input tax
- account in the taxable period covering the month in which payment is made

ADJUSTMENT – REPAYMENT OF INPUT TAX



Imported service

- A registered person account for output tax & claim input tax
- non registered person shall be liable for any tax due and payable on the supply of imported services
- Imported service is subjected to GST if all of these rules applicable
 - ✓ Supplier belongs outside Malaysia
 - ✓ Recipient belongs in Malaysia
 - ✓ Supply is taxable if made in Malaysia
 - ✓ Supply is consumed in Malaysia
 - ✓ Supply is used for business purpose
- Supply shall be treated as supply to and by the recipient

Imported service

Tax liability

- If recipient is taxable person, all provision of the GSTA shall be applicable
- If recipient is not a taxable person, shall be liable for any tax due and payable

Time of supply

- Date of payment made

Value of supply

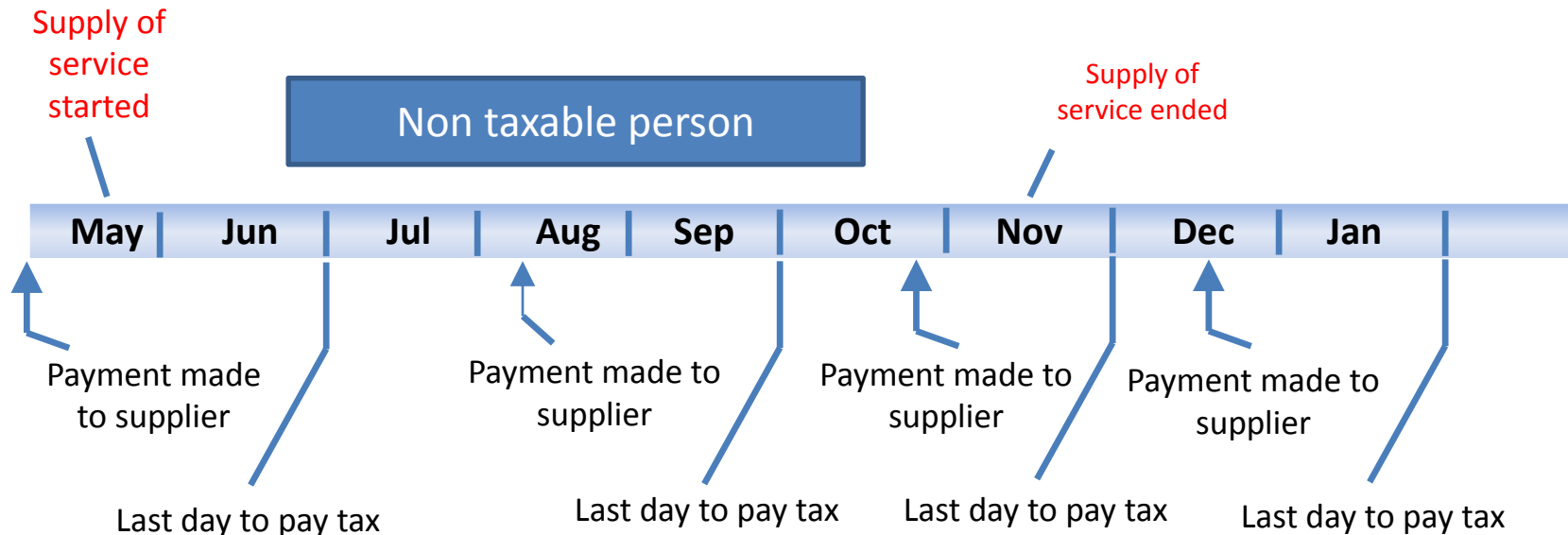
- Invoiced value (tax exclusive)
- Open market value (if supplier & recipient are connected)

Accounting for Supply of Imported Services

- Recipient is a taxable person
 - Declaration in return GST-03
 - Account as output tax
 - Entitle to claim input tax if imported service is used in making taxable supplies
 - If the imported services are used for making both taxable and exempt supplies (subject to proportion)
- Recipient is not a taxable person
 - Declaration in a prescribed form GST-04
 - Pay tax not later than the last day of the subsequent month from the month in which the supply is made

Accounting for Tax on Supply of Imported Services

- Time of supply on imported services
 - the date when payment with the regards to supply is paid for
 - Non taxable person
 - Pay GST before end of following month
 - Taxable person
 - Follow taxable period submission and payment date



INPUT TAX CREDIT

Input Tax Credit

Claimed by GST registered person

Goods or services acquired in the course or furtherance of business

For making taxable supply / disregarded supply / deemed supply

Allowable input tax (not blocked)

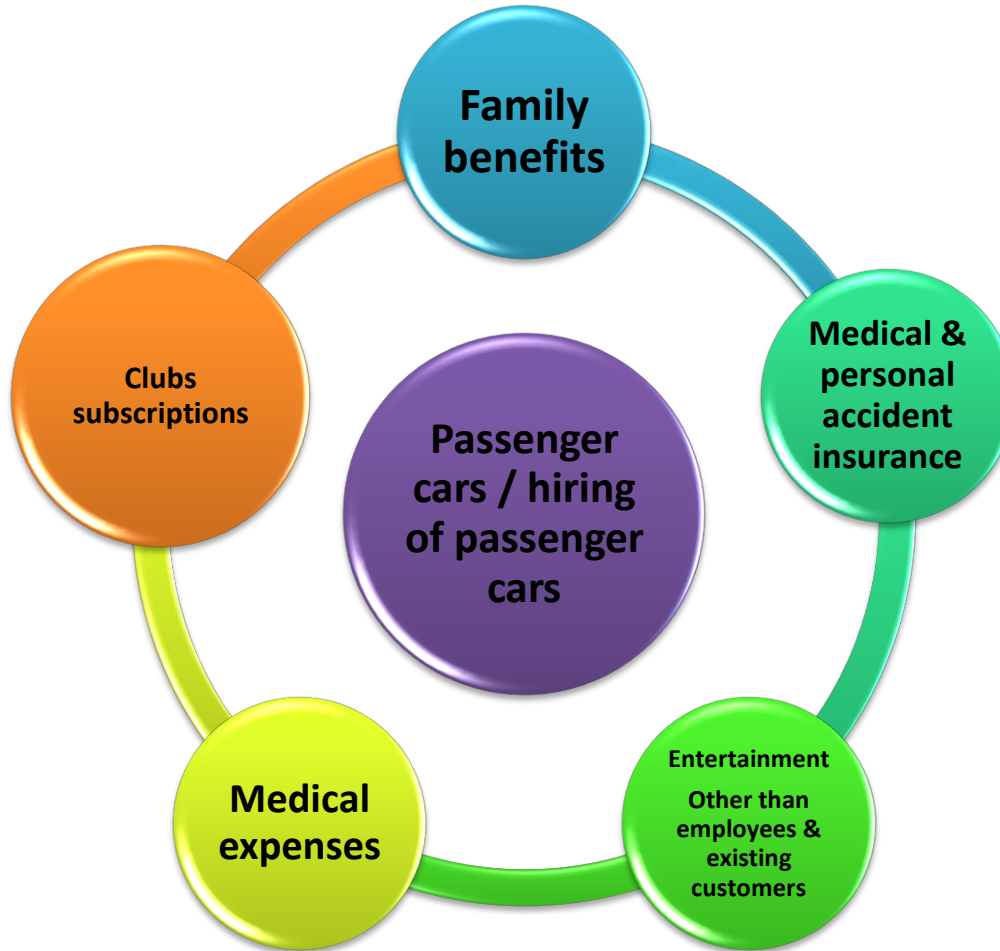
Tax invoice / Customs Form under Registered Person

Limit to RM30 for Simplified Tax Invoice

No matching input tax to output tax

Can be claimed within 6 years after the acquisitions

Blocked Input Tax



Transitional Issues

Final Return

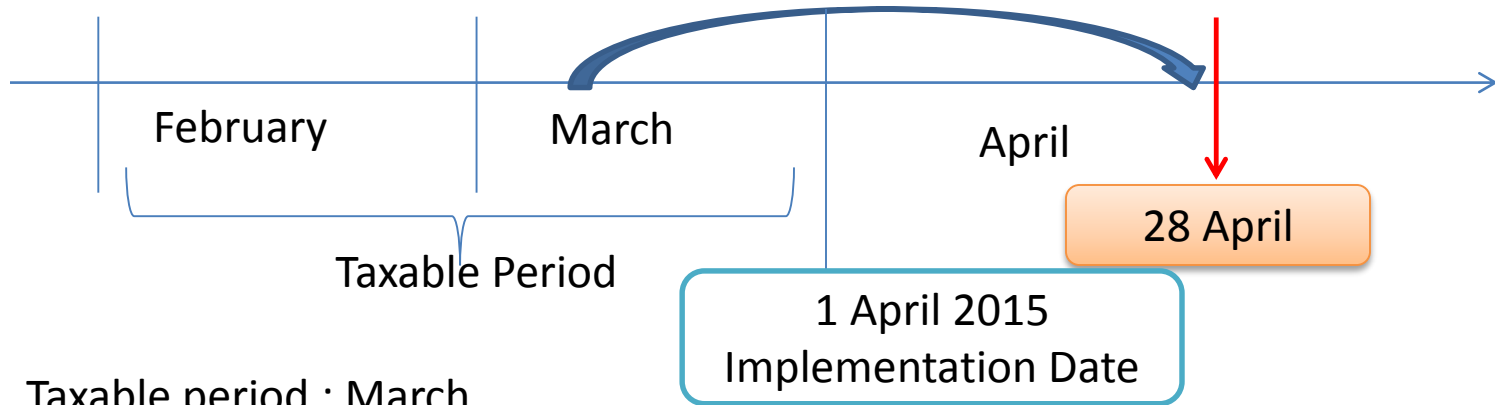
- For sales tax
 - Must be submitted **not later than 28 days** from the GST implementation date
 - All tax liabilities must be accounted in the final return

Final Return

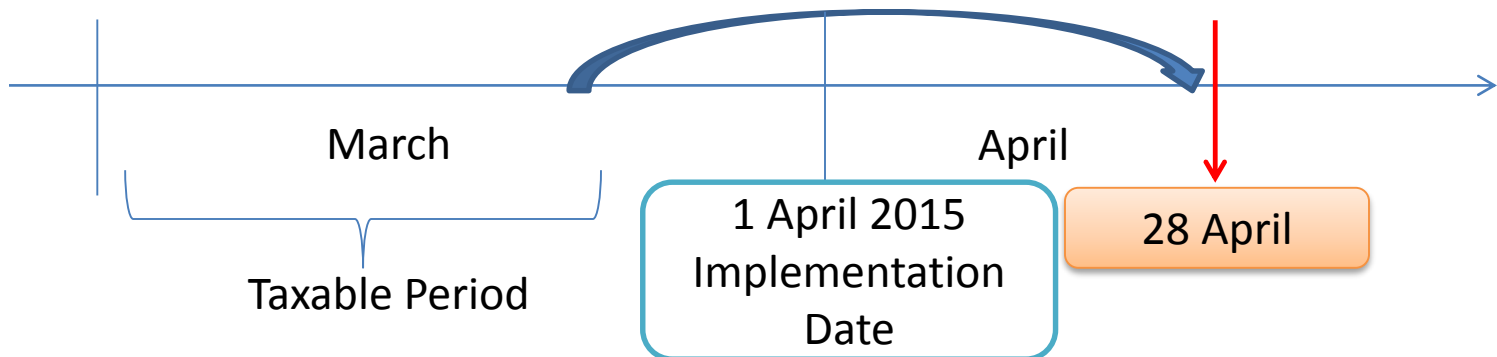
- For service tax
 - Must be submitted **not later than 28 days** from the GST implementation date
 - Account service tax on taxable services provided during the last taxable period before GST implementation date
 - Preceding the last taxable period but no payment is received more than 12 months
 - Preceding the last taxable period but no payment is received less than 12 months (Lampiran H, pay when 12 months lapsed or receipt whichever is earlier)
 - Before 1 April 2015 where invoice is issued and payment is received

Final Return

Taxable period : Feb & March



Taxable period : March



One Stop Professional Centre

Transitional Issues

- Taxable Goods or Services supplied by licensees under
 - Sales tax
 - Service tax

Before 1 April 2015	On / After 1 April 2015	Tax Treatment
Supply made	Invoice issued / full payment received	Subject to Sales Tax / Service Tax
Invoice issued / full payment received	Supply made	No GST to the extent covered by the invoice amount / payment of sales tax or service tax

Transitional Issues

- Taxable Goods or Services supplied **not chargeable (by non licensees)**
 - Sales tax
 - Service tax

Before 1 April 2015	On / After 1 April 2015	Tax Treatment
Supply made	Invoice issued / full payment received	No GST
Invoice issued / full payment received	Supply made	Consideration of supply is deemed inclusive of GST

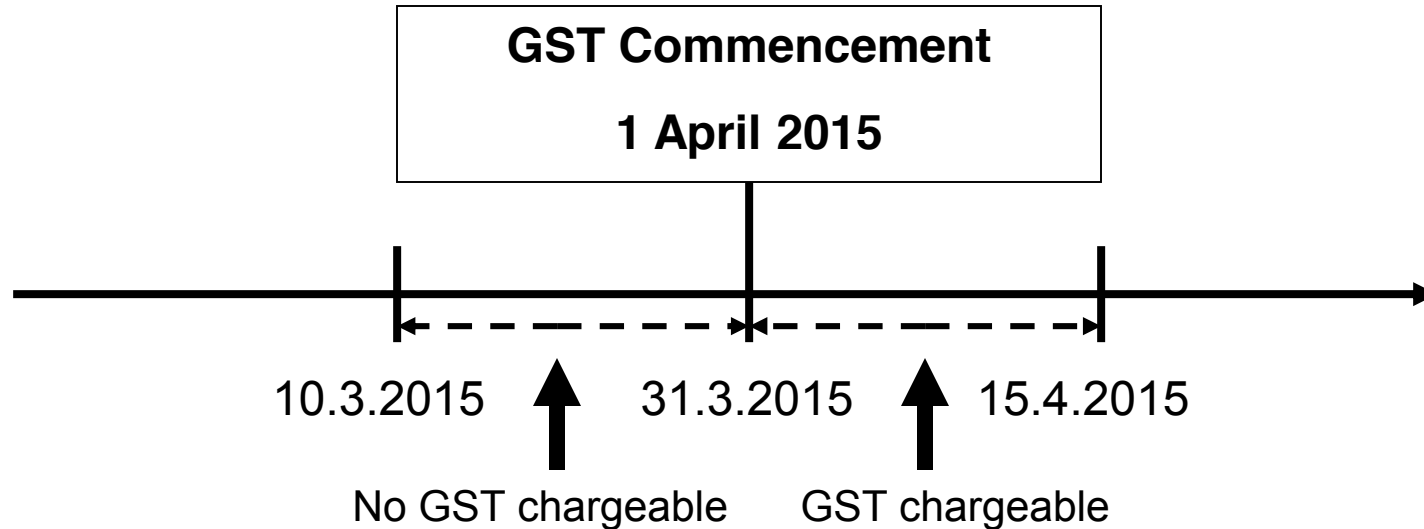
Transitional Issues

Periodic or Progressive Supplies

- Supply made before 1 April 2015 – No GST
- Proportion of supply made on and after 1 April 2015 – subject to GST
- Make continuous supply of goods spanning 1 April 2015 – apportion supply and charge GST

Example : Supply of products

- *Power Supply Sdn Bhd issues an invoice of RM200 for a supply of gas for the period from 10 March 2015 to 15 April 2015*



Assumed bill amount from 10.3.2015-15.04.2015 (37 days) is RM200.00.

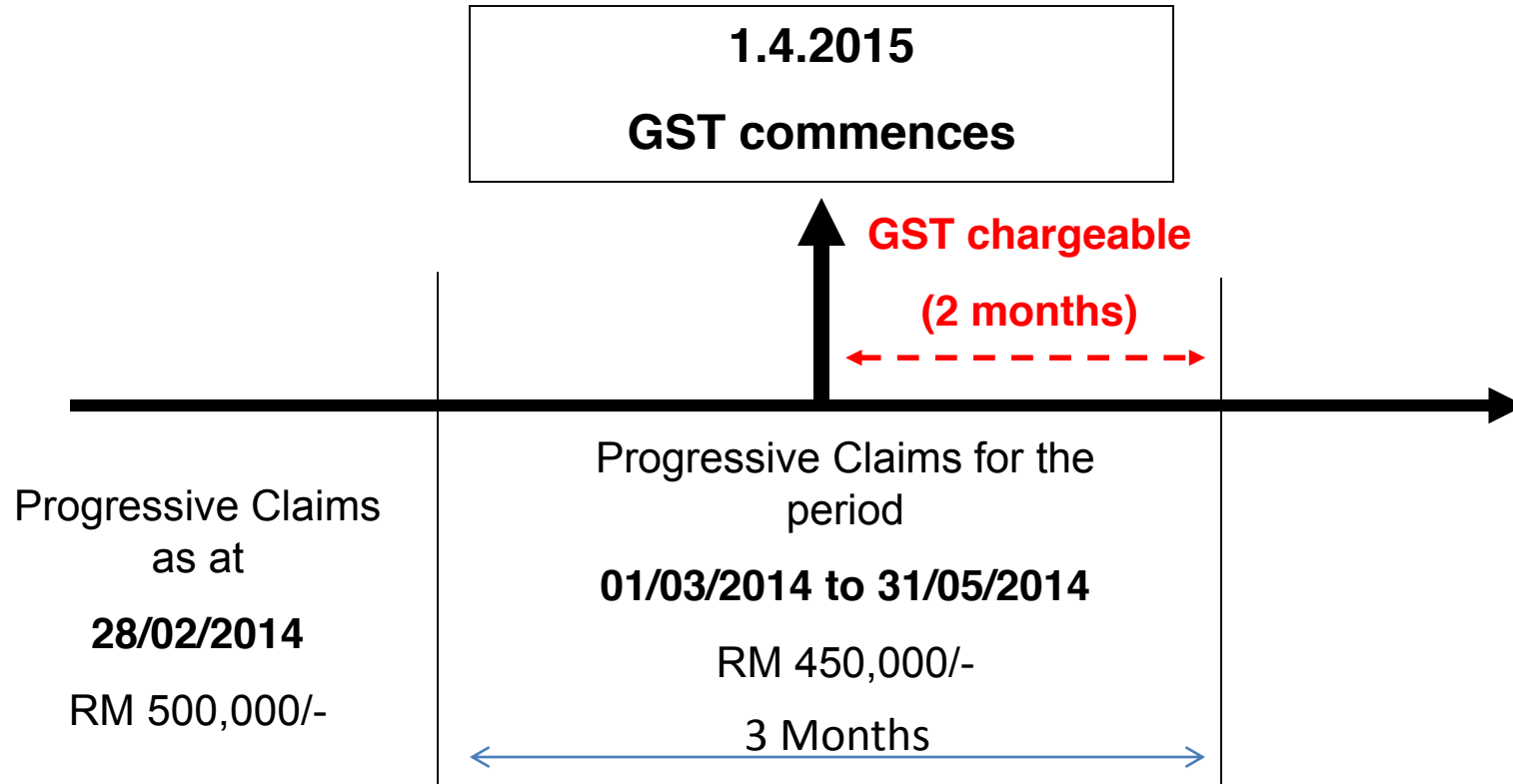
Value chargeable to GST = $RM200.00 / 37 \text{ DAYS} \times 15 \text{ DAYS}$

= **RM81.08**

GST 6%

= **RM 4.86**

Example : Supply of services - Construction



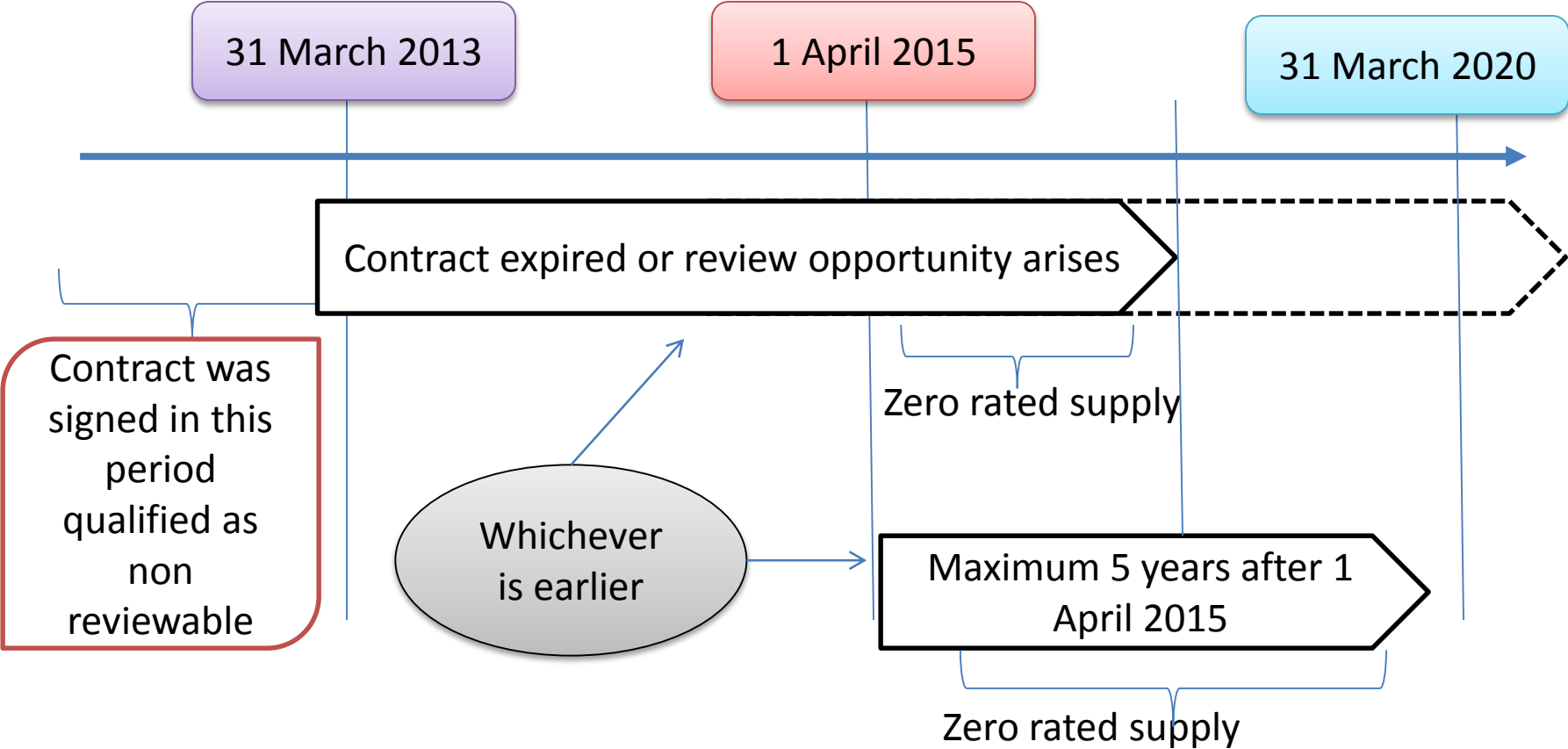
Progressive works done for 01/04/2014 to 31/05/2014
= $450,000 / 3 \text{ months} \times 2 \text{ months}$
= RM300,000 (subject to GST 6% [RM18,000])

Transitional Issues

Non-reviewable Contract

- treated as zero-rated supply to the earlier of
 - a) for 5 years from the date of GST implementation
 - b) when a review opportunity arises
- Conditions
 - Both supplier & recipient are GST registered persons
 - Contracted supply is a taxable supply
 - Recipient is making wholly taxable supplies
 - Contract must have been irrevocably in place & agreed not less than **2 years** before 1 April 2015

Non-reviewable Contract



Transitional Issues

Special Sales Tax Refunds - Stocks on Hand

- special refund to be given subject to
 - a) claimant is a **GST registered person** – mandatory
 - b) claimant on the appointed date is holding the goods for the purpose of making taxable supply
 - c) goods subject to sales tax and sales tax has been charged and paid
 - d) invoice or customs form is available
- other conditions
 - a) amount of sales tax paid shown clearly on the invoice or import documents

Transitional Issues

Special refund is not allowed

- on capital goods
- goods which have been used partially or incorporated into some other goods
- non-trading stocks which are used indirectly in the manufacturing process e.g. fuel, lubricating oil, detergents, chemicals, consumables etc.

Transitional Issues

How to claim special refund?

- Claim **within 6 months** from appointed date (i.e. not later than 30 September 2015)
- For special refund < **RM10,000**, require audit certificate signed by a **chartered accountant**
- For special refund => **RM10,000**, require **audit certificate** signed by an approved company auditor
- Use **special form to claim refund** (online only)
- To be given in **8 equal instalments** over a period of **2 years**
- To account as output tax if special refund is claimed and goods are returned later

Transitional Issues

Reduced special refund to 20% (20% method)

- Special refund is reduced to only 20% if:
- Purchase goods from **non-licenced manufacturers**
- Purchase goods from **traders**
- Goods are of those **subject to sales tax**
- Holds invoice which **does not show sales tax has been charged**
- Claimant is a **registered (mandatory) person** – not for voluntary registrant
- Holds goods on appointed date for making taxable supply

CONSIGNMENT SALES

- What is consignment sale?

Consignment sale refers to goods which are delivered to the consignee where the ownership of the goods still remains with the supplier (consignor) and on the basis that the goods will be sold on the behalf of and at the risk of the consignor.

CONSIGNMENT SALES

- Normal features of consignment sale:
 - two parties involved, i.e. consignor and consignee
 - consignor entitled to receive all the expenses in connection with consignment
 - consignee is not responsible for damage of goods during transport or any other procedure
 - Goods are sold at the risk of consignor.

CONSIGNMENT SALES



- Sent out goods to consignee

- **Sold**

- **Date of statement (Basic Tax Point)**
- **Issue Tax Invoice within 21 days**
- **Account for Output Tax based on Tax Invoice Date**

- **Unsold**
- **Account for Output Tax**

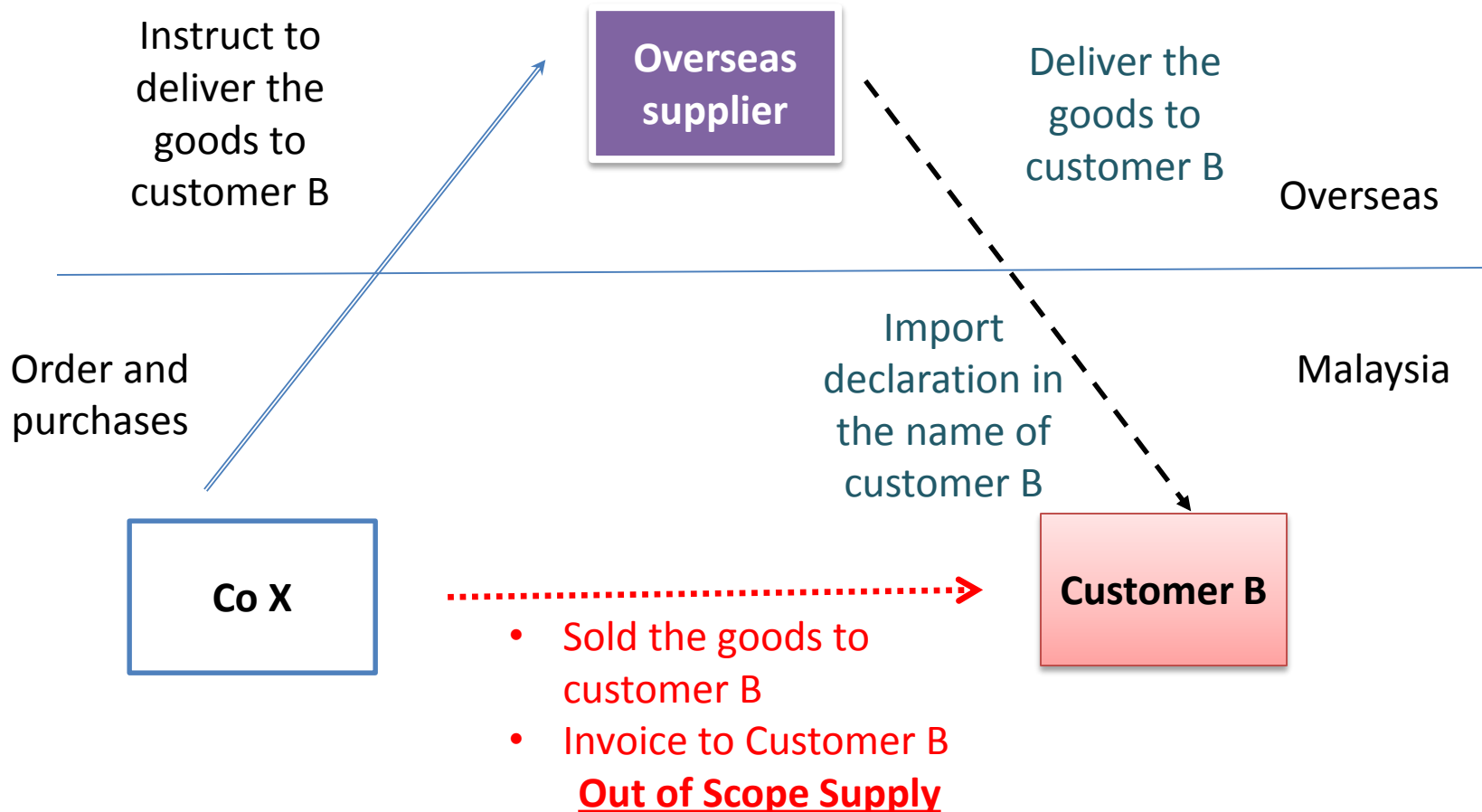
GST Treatment on Supplies Made

- Consignor has to account for GST
 - when it becomes certain that a supply has taken place, or {the time when the consignor receives a statement of sales from the consignee that the goods had been sold}
 - 12 months after the removal of the goods, whichever is the earlier
- Time of supply
 - Date of tax invoice where the tax invoice was issued within 21 days
 - of the date of the consignor receives the statement of sales
 - If tax invoice issued after 21 days, time of supply is
 - date of statement of sale

GST - Panel Decision on Drop Shipments

Issues	RMC Decisions
<p>GST Treatment on drop shipment (1)</p> <ul style="list-style-type: none"> Local Co X purchases goods from overseas supplier Later sold the goods to local customer B Co X requests overseas supplier to deliver goods directly to customer B <p>The supply made by Co X to customer B subject to GST ?</p>	<ul style="list-style-type: none"> The supply made by Co X to customer B is Out of Scope supply if <ul style="list-style-type: none"> There is proof <ul style="list-style-type: none"> Transfer of ownership of the goods took place outside Malaysia before importation (shipping documents) Import declaration is in the name of customer B Value of imported goods based on local invoice

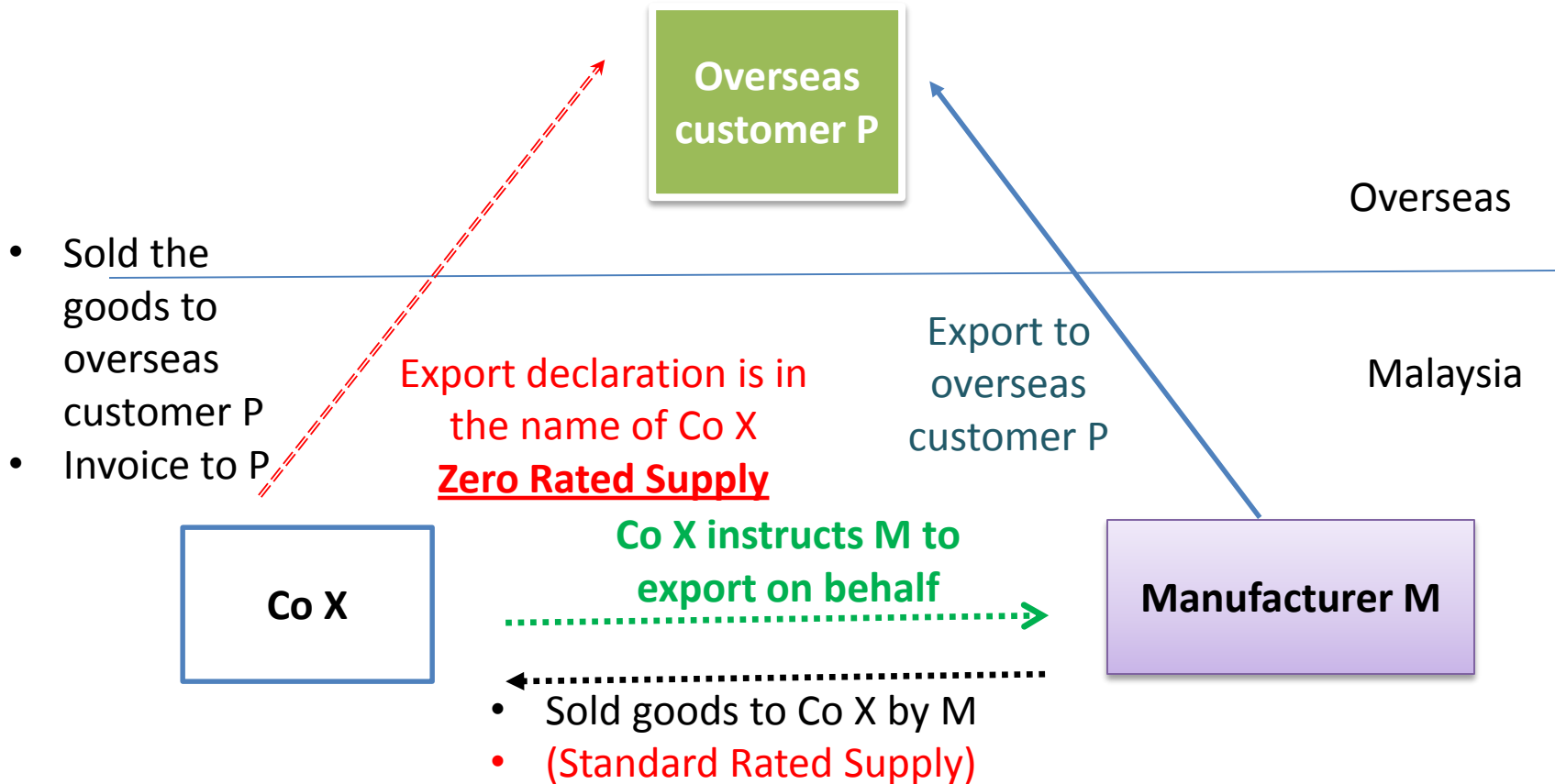
Drop Shipment (1)



GST - Panel Decision on Drop Shipments

Issues	RMC Decisions
<p>GST Treatment on drop shipment (2)</p> <ul style="list-style-type: none"> Local Co X purchases goods from a local manufacturer M Co X requests M to export the goods to overseas customer P <p>The supply made by M to Co X subject to GST ?</p>	<ul style="list-style-type: none"> The supply made by M to Co X is Standard Rated supply <ul style="list-style-type: none"> Transfer of ownership of the goods took place in Malaysia The supply made by Co X to overseas customer P can be Zero Rated supply <ul style="list-style-type: none"> The export declaration is in the name of the Co X

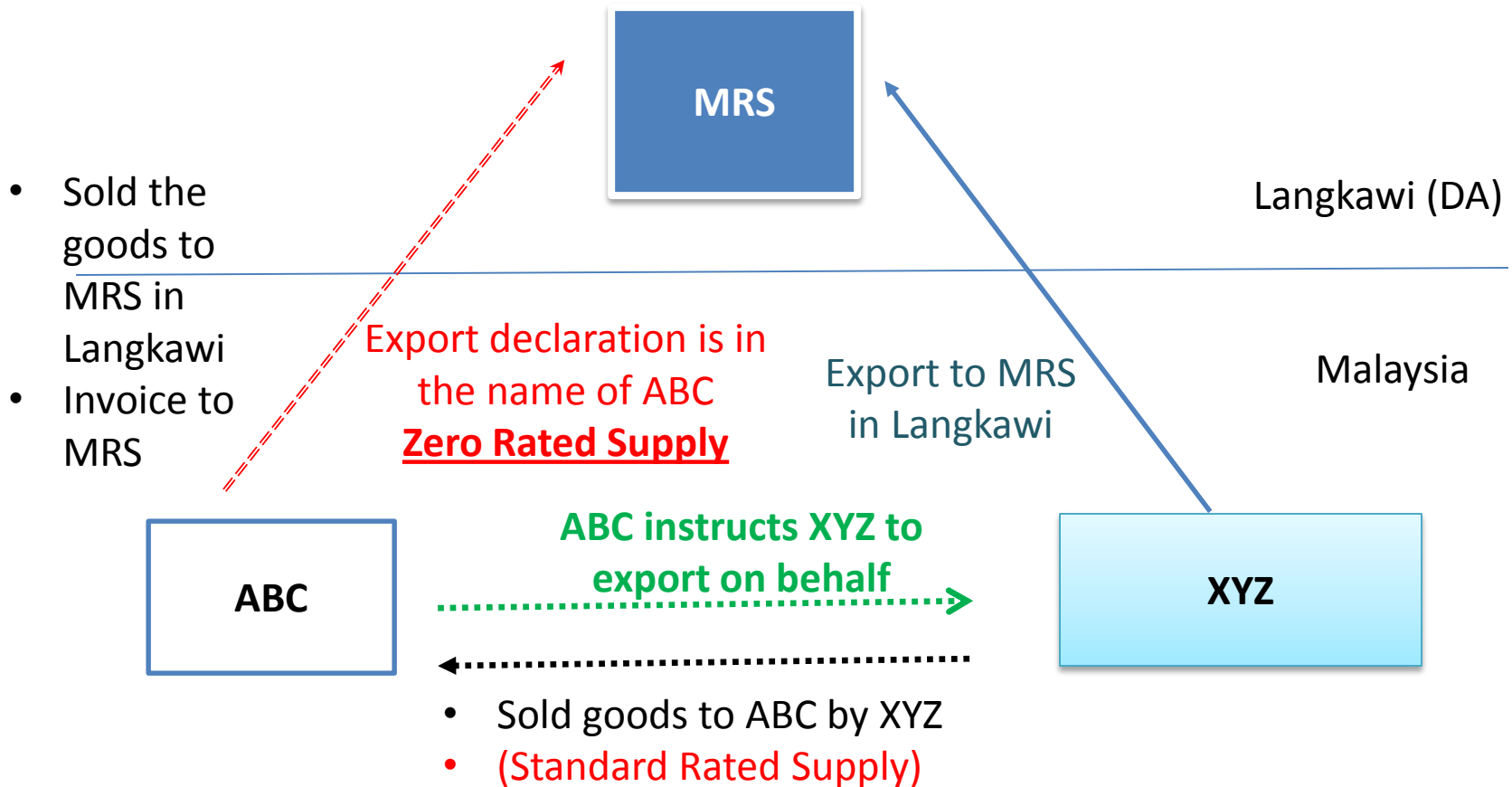
Drop Shipment (2)



GST - Panel Decision on Drop Shipments

Issues	RMC Decisions
<p>GST Treatment on drop shipment (3)</p> <ul style="list-style-type: none"> Co ABC in Malaysia (not in DA) purchases goods from Co XYZ in Shah Alam ABC request XYZ to deliver the goods to MRS which is in Langkawi <p>The supply made by XYZ to ABC subject to GST ?</p>	<ul style="list-style-type: none"> The supply made by XYZ to ABC is Standard Rated supply <ul style="list-style-type: none"> Transfer of ownership of the goods took place in Malaysia not in DA The supply made by ABC to MRS (in Langkawi) can be Zero Rated supply <ul style="list-style-type: none"> The export declaration is in the name of the ABC

Drop Shipment (3)



Customer Service Centre

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No. 16-G, Jalan 2/114,
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THANK YOU

One Stop Professional Centre



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