

# GST SEMINAR



## SALIENT FEATURES OF GST IN MALAYSIA

SAUFEE AFFANDI BIN MOHD  
Bahagian GST  
JKDM Johor



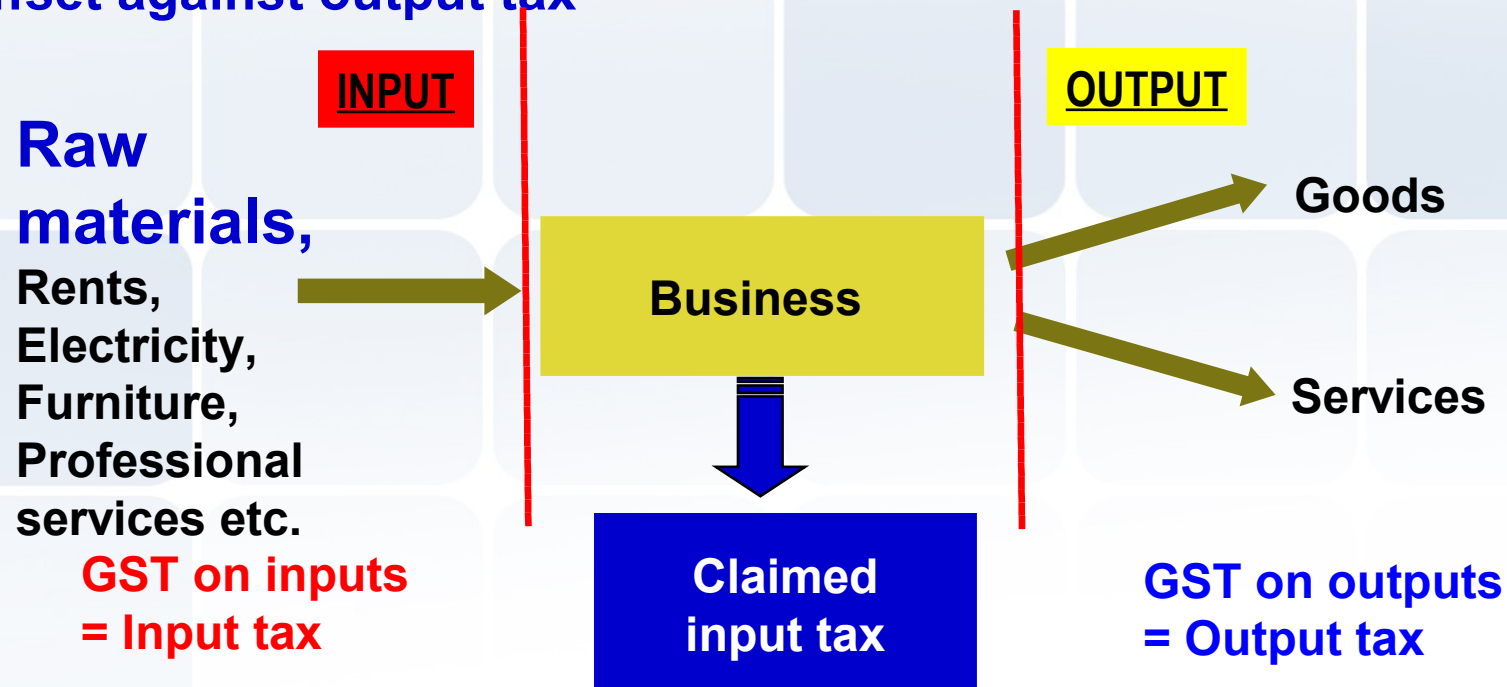
- 1. What is GST?**
- 2. Malaysia GST Model**
- 3. Basic Elements of GST**
- 4. Input Tax Credit**
- 5. Registration**

1

**What is GST?**

# Basic principles of GST

- A consumption tax in the form of value added tax
  - ✓ each stage of business transaction up to the retail stage of distribution
- Also known as Value Added Tax (VAT)
- GST incurred on inputs is allowed as a credit to the registrant
  - ✓ offset against output tax



# 2

## Malaysian GST model

# Malaysia GST model

- **To replace current tax system**

~~Sales Tax &  
Service Tax (SST)~~

5%, 6%, 10% & specific rate  
Various threshold



**Goods and Services  
Tax (GST)**

Rate = 6 %  
Threshold = RM500,000

- **GST is charged on goods and services that are**
  - ✓ **supplied in Malaysia**
  - ✓ **Imported into Malaysia**

<b>TYPES OF SUPPLY</b>	<b>OUTPUT TAX</b>	<b>INPUT TAX</b>
<b>Standard rated</b>	<b>6%</b>	<b>Claimable</b>
<b>Zero rated</b>	<b>0%</b>	<b>Claimable</b>
<b>Exempt</b>	<b>No GST charged</b>	<b>Non claimable</b>

## Zero Rated Supplies

### Food items

- ❖ Rice, wheat & sago flour and dhall
- ❖ Sugar & salt
- ❖ Cooking oil (oil palm, coconut & ground nut)
- ❖ Spices, and cencalok, budu, belacan
- ❖ Infant milk

### Agricultural product

- ❖ paddy
- ❖ Vegetables

### Live stock & meat

- ❖ Bovine, sheep & goats, buffalo, swine
- ❖ Chicken & ducks (including eggs)

### Seafood

- ❖ All type of seafood including dried seafood.

### Utility

- ❖ Water (domestic)
- ❖ Electricity (first 300 unit for domestic)

### Exported goods and services

## Exempt Supplies



Rail



Bus



Taxi



Tol



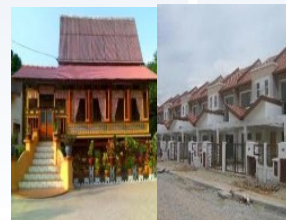
Passenger transportation (water)



Land for general use



Education/Health



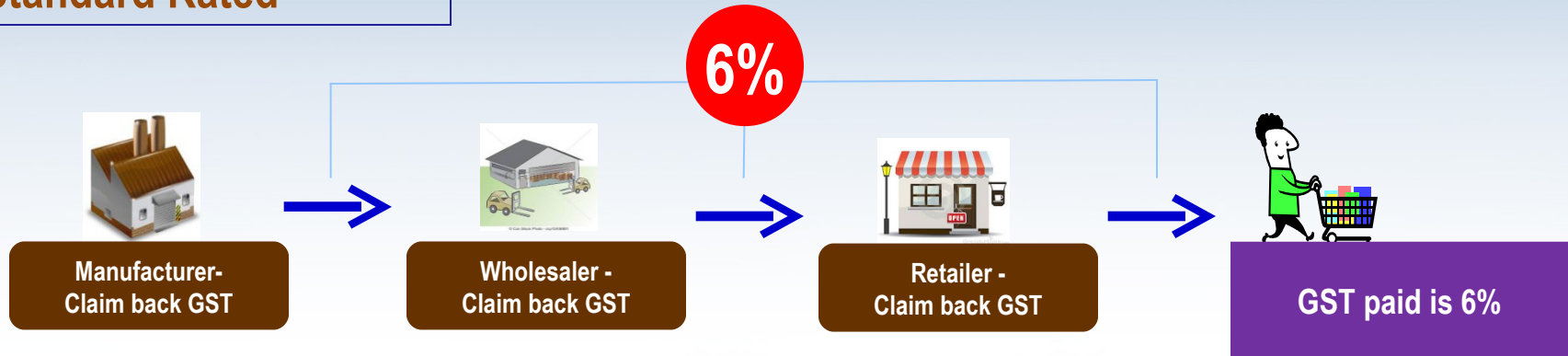
Residential



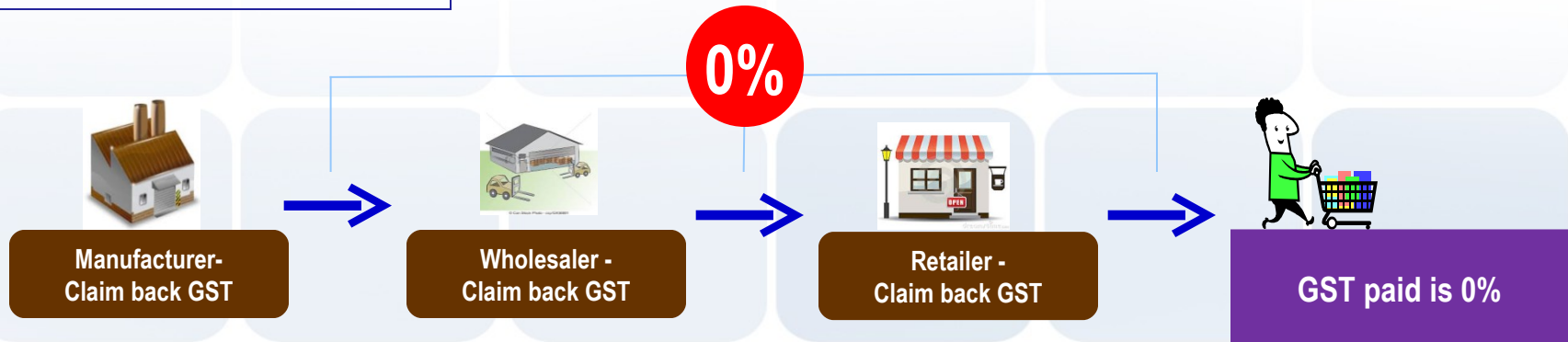
Financial Services



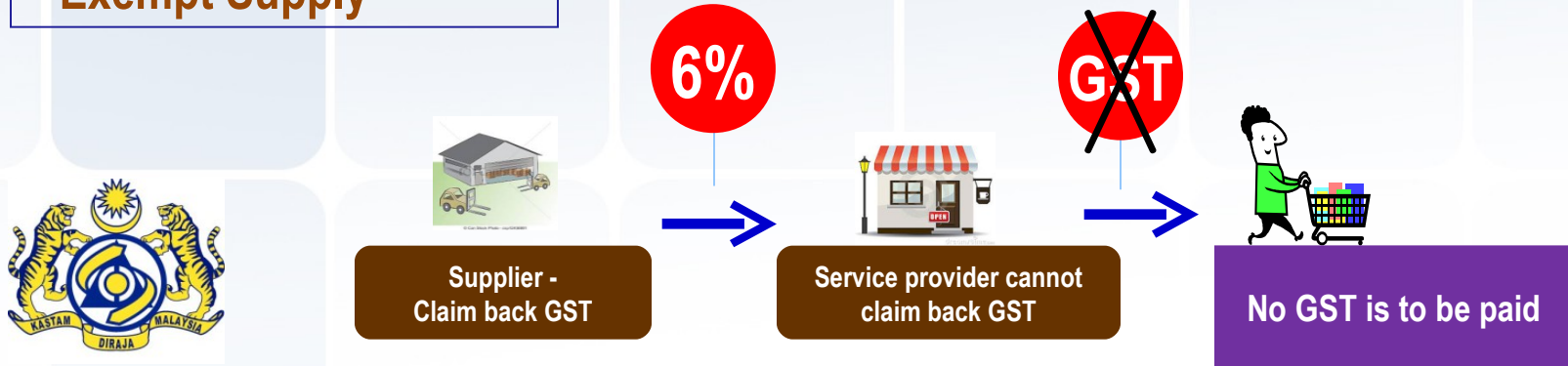
## Standard Rated



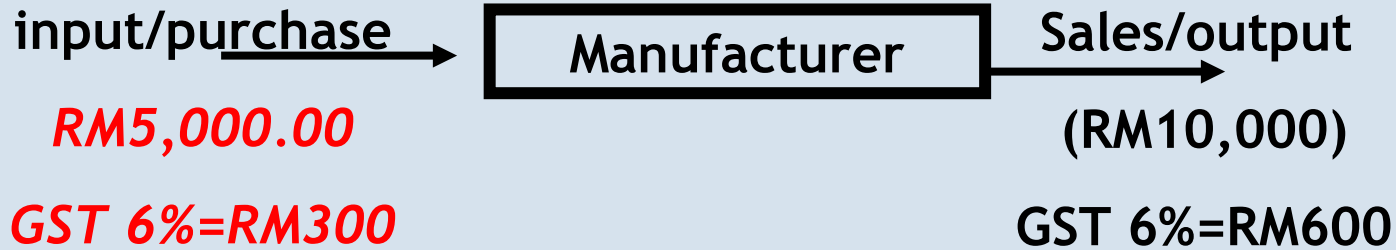
## Zero Rated



## Exempt Supply

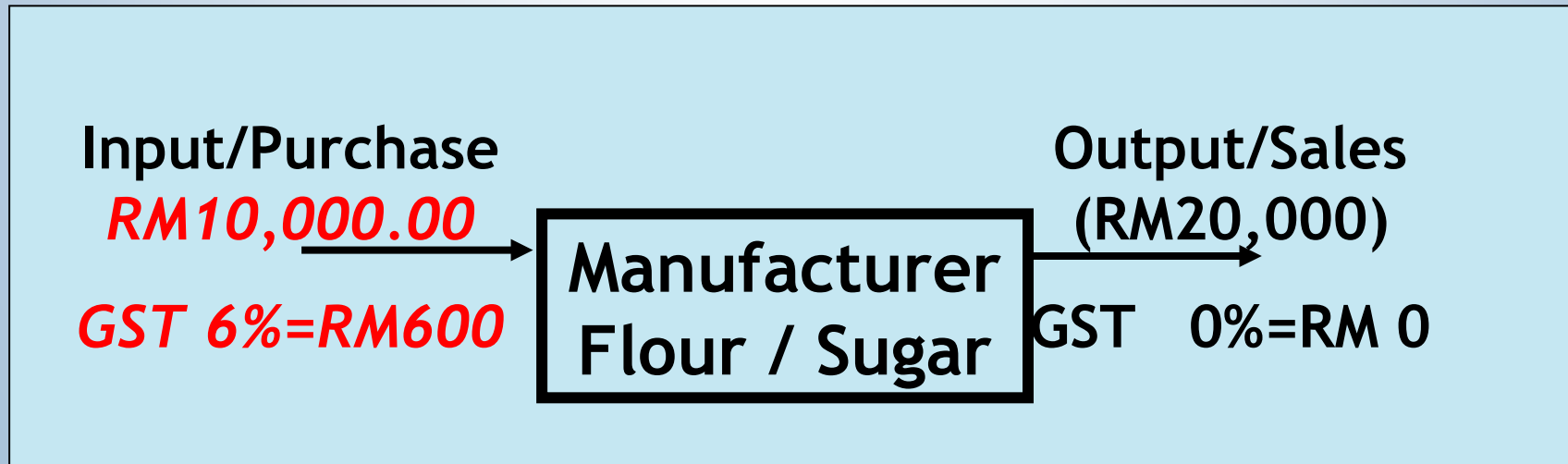


# How GST works (Standard Rate)



$$\begin{aligned} \text{GST Payment} &= \text{RM600} - \text{RM300} \\ &= \text{RM300} \end{aligned}$$

## How GST works ( Zero Rate )



$$\begin{aligned} \text{GST payment} &= \text{RM } 0 - \text{RM}600 \\ &= - \text{RM}600 \end{aligned}$$

# Sales Tax Mechanism



**Manufacture**



**Wholesaler**



**Retailer**



**Consumer**



Polo Shirt RM100  
CJ = **10% / RM10**  
Total Sales  
RM110

**Government collect tax only  
at manufacture**

RM110 + any cost  
Sell at RM132  
**(RM10) included.**  
Mark up 20%.  
Extra Tax paid  
**RM2.0**

RM132 + any cost  
Sell at RM158.40  
**(RM12) included**  
Mark up 20%  
Extra tax Paid  
**RM2.4**

RM158.40 + any cost  
Sell price RM158.4  
**(RM14.40)**  
Tax included

**Price Paid  
Included the  
Tax element**

# GST Mechanism



**Manufacture**



**Wholesaler**



**Retailer**



**Consumer**

  
 Polo Shirt price  
 RM100  
**GST = 6% / RM6**  
 Sell price RM106

ITC claimed  
**RM6.00**  
 RM100 + any cost  
 Mark up 20%  
 at RM120  
**GST 6% / RM 7.20**  
**Sell price RM127.20**

ITC claimed  
**RM7.20**  
 RM120 + any cost  
 Mark up 20%  
 at RM144  
**GST 6% / RM8.64**  
**Sell Price RM152.64**

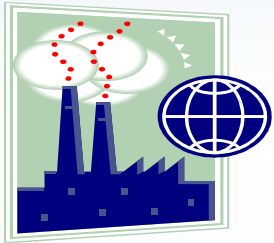
RM152.64 (**RM8.64**)

**Consumer  
save RM5.76**

**Price paid  
include  
GST**

# SST – DOUBLE EFFECT/OVERLAPPING

**Product : Biscuit**  
**Sale Tax : 5% & Service Tax 6%**



Price at Biscuit Factory : RM4.00  
Sales tax 5% : RM0.20



Price sale to Hotel : RM4.20  
Zenith Hotel sale at : RM7.20  
(RM4.20 + RM3.00 )  
Service Tax 6% = RM0.43

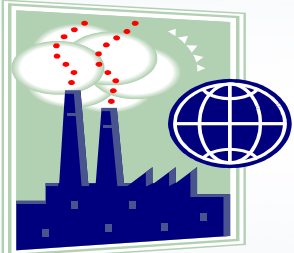
Customer bought : :RM7.63  
(RM0.20 + RM0.43)  
Tax Paid : RM0.63



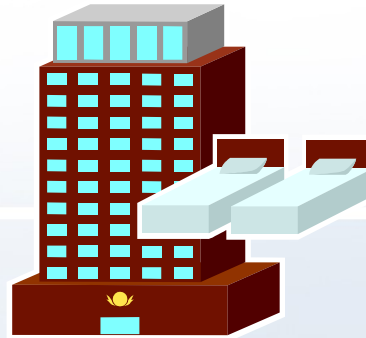
- Sales tax paid (RM0.20) include in the hotel price
- product sale by Zenith Hotel plus 6% service tax =RM0.43
- customer paid **RM0.20 + RM0.43 =RM0.63**

# GST Eliminate Overlapping Tax

## Product biscuit and GST 6%



Price at biscuit factory : RM4.00  
**GST 6% : RM0.24**



Price sale to zenith hotel : RM4.00  
 Zenith Hotel sales : RM7.00  
 (RM4.00 + RM3.00)  
**GST at 6% = RM0.42**  
 (RM0.24 , first GST tax is not a cost for  
 biscuit factory)  
 It was claimable as a input tax

Customer only paid  
 r: RM7.42  
 (RM7.00 + RM0.42)



**Comparison = RM0.63 (SST) minus RM0.42 (GST)**  
**Customer saving = RM0.21**

## Special schemes

- **To provide cash flow relief to businesses**
  - ✓ **Approved Trader Scheme**
    - facility given to major exporters where GST on imports is suspended
  - ✓ **Approved Toll Manufacturer Scheme**
    - facility given to local toll manufacturer to disregard tax on value added charges to overseas client
  - ✓ **Approved Jewellers Scheme**
    - GST suspended on gold and precious metal acquired by jewellery manufacturers
  - ✓ **Flat Rate Scheme**
    - to allow farmers to collect additional charges at specific rate from the buyers



# Facilities in GST

- **To provide cash flow relief**
  - ✓ **Margin Scheme**
    - second hand car dealers to account GST on the margin
  - ✓ **Warehousing Scheme**
    - GST suspended in public and private warehouse
  - ✓ **Group registration**
    - supply within the group will be disregarded
- **To promote tourism**
  - ✓ **Tourist Refund Scheme**
    - tourists allowed to claim GST paid on purchases
  - ✓ **Designated Area**
    - no GST in Labuan, Langkawi & Tioman

	Federal & State Government	Local Authority & Statutory Body
Out of Scope	<p>All supplies by Federal &amp; State government</p>	<p>Supplies made in the regulatory and enforcement (R&amp;E) functions</p> <p><i>eg. Assessment rate collection, issuance of licenses, penalty</i></p>
Subject to GST	<p>Supplies that have been directed by Minister in the GST (Government Taxable Supply) Order</p> <p><i>eg. Supply made by RTM, Prison Department</i></p>	<p>Non R&amp;E functions</p> <p><i>ie. Business activities for example rental facilities and etc.</i></p>
Acquisitions	<ul style="list-style-type: none"> <li>▪ Need to pay GST on their acquisitions</li> <li>▪ Relief on selected goods</li> </ul>	<ul style="list-style-type: none"> <li>▪ Need to pay GST on their acquisitions</li> <li>▪ Relief on selected goods</li> </ul>

# 3

## Basic Elements of GST

## Scope and charge

- **GST is charged on**
  - ✓ **the taxable supply of goods and services**
  - ✓ **made by a taxable person**
  - ✓ **in the course or furtherance of business**
  - ✓ **in Malaysia**
- **GST is charged on the imported goods/services**

- **Supply means all forms of supply done for consideration**
  - **Supply of goods**
  - **Supply of services**
- **Supply includes supply of imported services**
- **Anything which is not supply of goods is a supply of services**

## ➤ **Taxable supply:**

- ✓ **Standard rated supply**
- ✓ **GST charged at standard rate 6%**
- ✓ **Supplier have to issue Tax Invoice**
  - ✓ **Input tax claimable**
- ✓ **Zero-rated supply**
  - ✓ **GST charged at zero percent**
  - ✓ **Tax Invoice is not required to be issued by supplier**
  - ✓ **Input tax claimable**

## ➤ **Non-Taxable supply:**

### ✓ **Exempt supply**

- ✓ **GST is not to be imposed**

- ✓ **Cannot claim ITC**

- ✓ **Out of scope supply**

- ✓ **GST is not applicable**

- ✓ **No ITC**

### ✓ **Not a supply**

- ✓ **Supply of money**

- ✓ **Free supply of services**

- ✓ **Gifts of goods (≤RM500)**

## Meaning of person

- Includes natural and juridical persons for example individual, corporation, Federal Government, State Government, statutory body, local authority, society, trade union, co-operative society, trust, partnership and any other body, organization, association or group of persons, whether corporate or unincorporated

## Taxable person

- A person who is or is required to be registered for GST



## The place of supply (PoS) rules are importance to determine

- the country in which any supply is MADE
- the identity of the **person** who needs to account for the tax
- the GST treatment on the supply
  - standard / zero / exempt / disregarded

### Place of supply

- To determine whether a supply is made in Malaysia or not
- different rules for supply of goods and supply of services

### Important

- a supply of goods or services can only be taxed if the supply is **made in Malaysia**

- ***Goods treated as supplied in Malaysia***
  - Supply of any goods that involves removal from a place in Malaysia to another place in Malaysia
  - Supply of any goods that involves removal from a place in Malaysia to a place outside Malaysia





- ***Goods treated as supplied outside Malaysia***
  - Goods removed from a place outside Malaysia to a place inside Malaysia
  - Goods removed from a place outside Malaysia to another place outside Malaysia

# Place of Supply – Goods



Removal of goods	GST Treatment
Malaysia to Malaysia	
Malaysia to Outside Malaysia (Export)	
Outside Malaysia to Malaysia (Importation)	
Malaysia to Designated Area	
Designated Area to Malaysia (Importation)	
Outside Malaysia to Outside Malaysia	

## ▪ **POs RULES FOR SERVICES**

- 👍 **a supply of services is deemed as made in Malaysia if the supplier belongs in Malaysia**
- 👍 **a supply of services is deemed as made in another country if the supplier belongs in the other country**
- 👍 **a supply of imported services for the purpose of any business by a person is treated as supply to and by the recipient**

## **SUMMARY:** WHERE THE SUPPLIER OR RECIPIENT OF SERVICES BELONGS

<b>Supplier</b>	<b>Recipient / Consume</b>	<b>GST Treatment</b>
Malaysia	Malaysia	
Malaysia	Outside Malaysia	
Outside Malaysia	Malaysia	
Outside Malaysia	Malaysia / Outside Malaysia	

## Time of supply

- To determine when tax is due and payable on a supply

## Supply of goods or services

- **General time of supply rules**

- ✓ **Basic tax point**

- Goods removed or made available
- Services performed

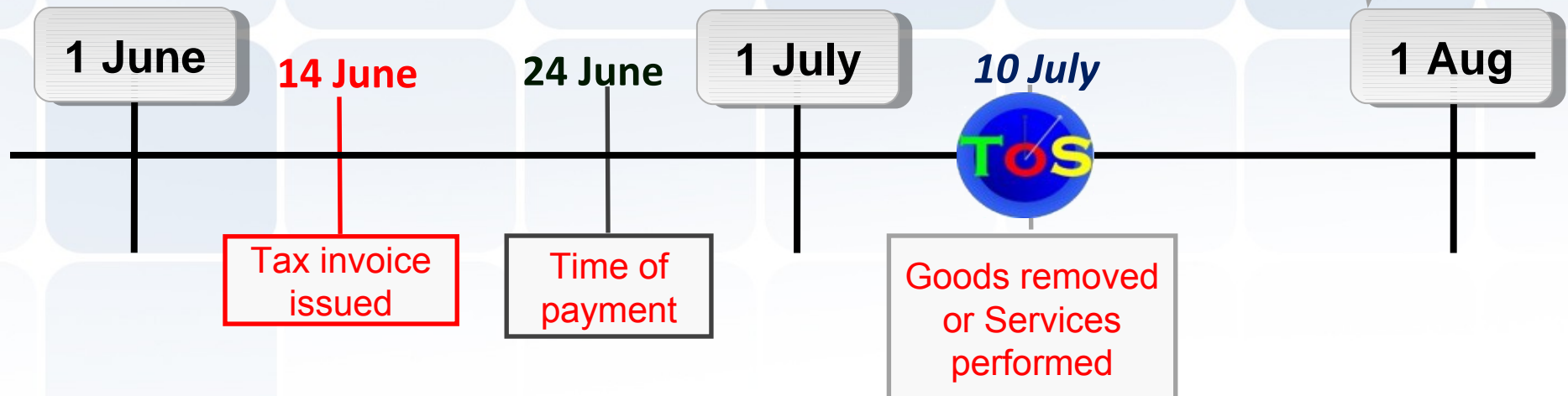
- ✓ **Actual tax point**

- Tax invoice issued or payment received before basic tax point
- 21 days rule

# Time of Supply

What happened if invoice issued or payment received **before** the 'basic time of supply'? The time of supply is...

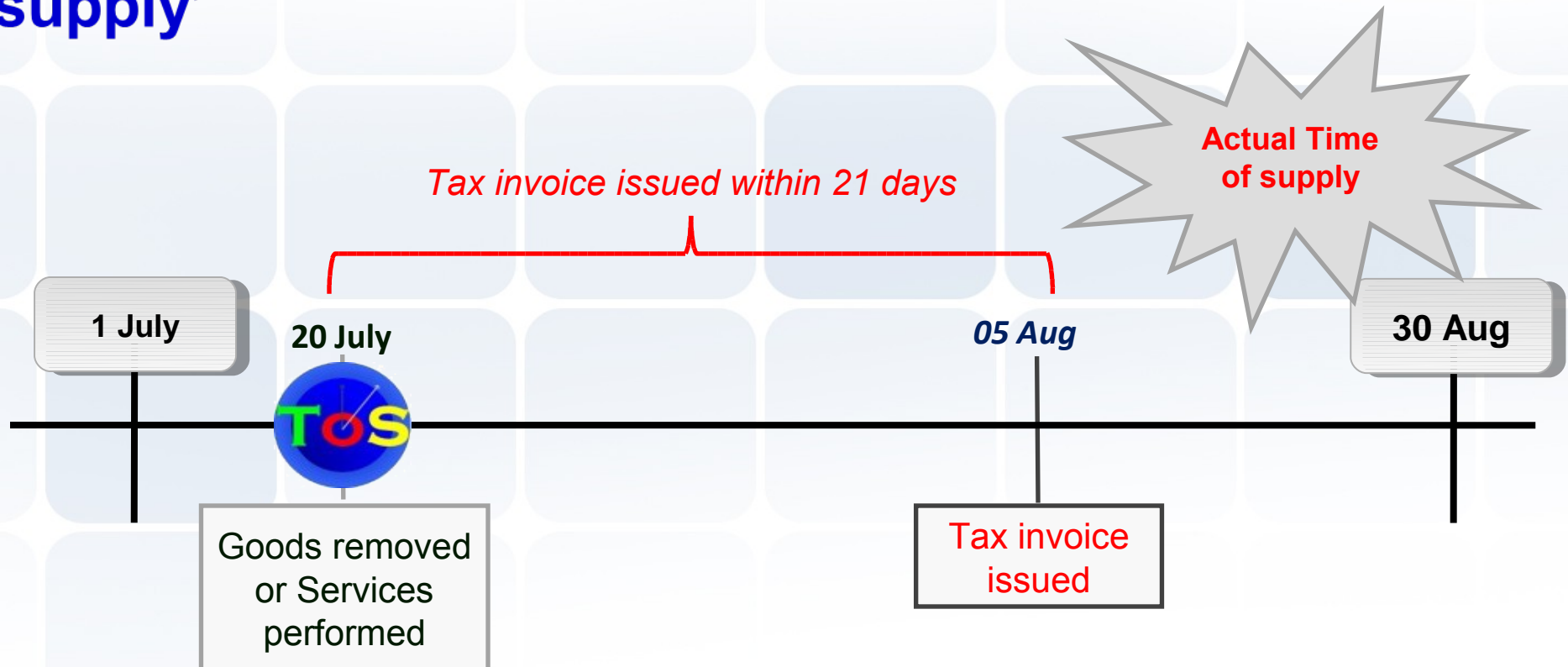
- at the time of invoice issued
  - at the time of payment with regards to supply
- whichever is the earlier





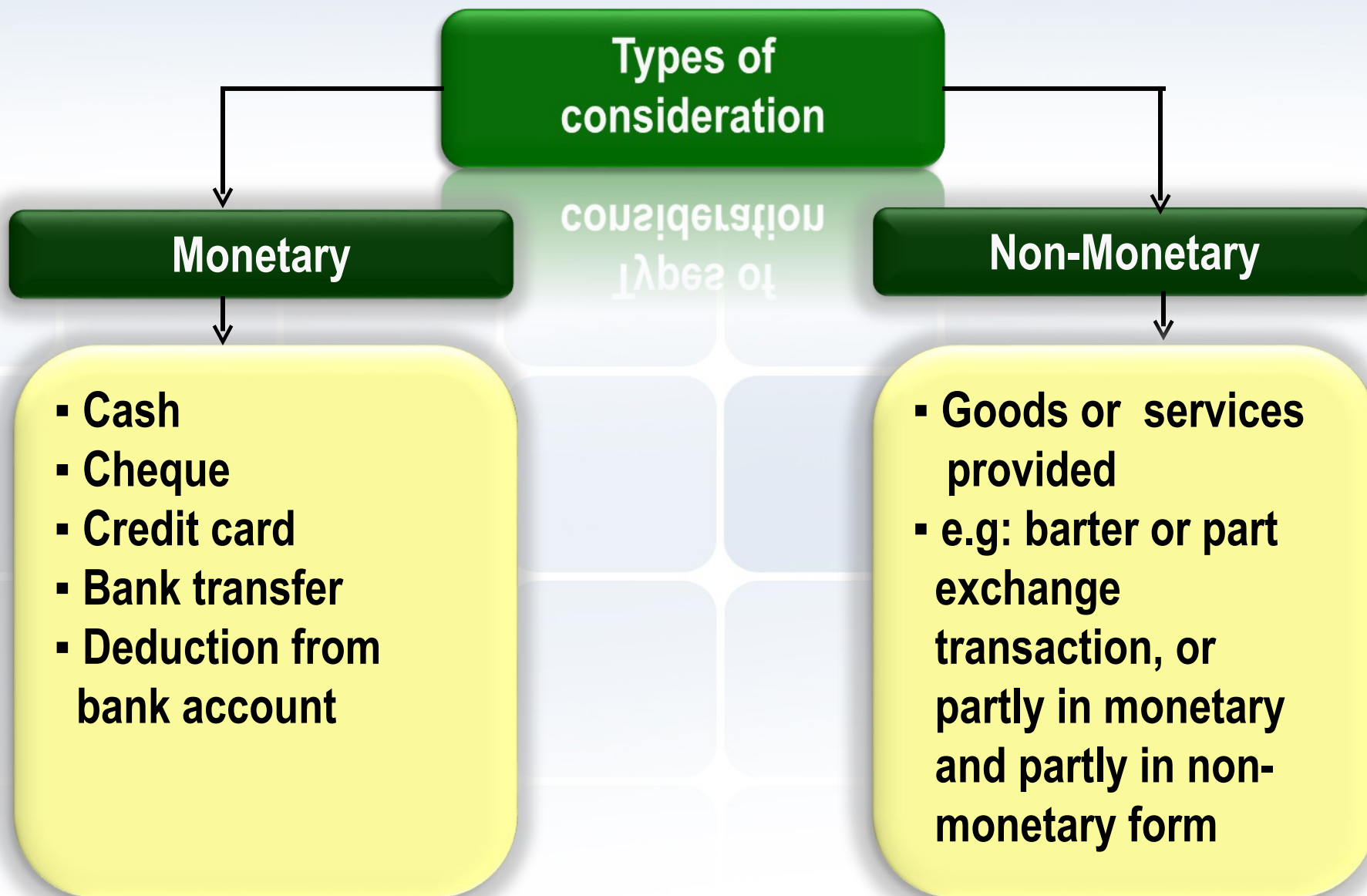
# Time of Supply

**Time of supply is the date of tax invoice if it is issued within 21 days after the 'basic time of supply'**



- **payment for a supply of goods or services**
- **payment can be in monetary or non monetary form**
- **any act or forbearance, whether or not voluntary**
- **consideration is linked to the supply**
- **whether paid by recipient or any other party**
- **should not be confused with profit**

# Consideration



# 4

## Input Tax Credit

## Input Tax Mechanism

- Tax paid on inputs to be offset against the output tax in the relevant taxable period
- Subject to a time limit of 6 years from the date of return required to be made
- Apportionment rule to apply for a mixed supply
- Refund to be offset against other unpaid GST, customs and excise duties
- **Net tax to be refunded within**
  - ✓ 14 working days for on-line submission
  - ✓ 28 working days for manual submission

# Allowable Input Tax

## supplies

### ➤ taxable supplies

- standard rated or zero rated supplies
- disregarded supplies (supplies within group, supplies made in warehouse)

### ➤ supplies made outside Malaysia which would be taxable supplies if made in Malaysia

### ➤ any other prescribed supply (Fixed Input Tax Recovery)

# Blocked Input Tax

## Passenger motor car

- adapted for carrying not more than 9 passengers including the driver
- unladen weight of which does not exceed 3000kg



## Exclusion

- ✓ public service or tourism motor cars
- ✓ hire and drive cars or cars for sold by second hand dealers
- ✓ cars used for driving instructional purposes
- ✓ cars forming part of stock in trade
- ✓ cars used exclusively for business purposes approved by Director General



# Blocked Input Tax

## Family benefits

any benefits (including hospitality of any kind) – provided by the taxable person to the employee’s wife, husband, child, relative or etc. for the purposes of any business carried on or to be carried on by the taxable person



## Club subscription fee

any joining fee, subscription fee, membership fee, or etc. charged by any club, association, society or etc. established principally for recreational or sporting purposes



**2012 GOLF MEMBERSHIP**

Join for 2012 and play 5 courses for the price of one!

Also play Magnolia Park, Hamorton, Queen Forest and Radcliff Park **COMPLETELY FREE**

Weekly Membership Costs from:  
7-day - £19.44 5-day plus - £13.70  
Wednesday - £13.56 (joining fee applies)  
Intermediate (24-29) - £11.52  
Cub (19-23) - £8.04  
Juniors (under 18) - £4.22  
Associate - £32 pa (reduced green fees)

Take membership at [www.oceanpark.com](http://www.oceanpark.com) or call [www.oceanpark.com](http://www.oceanpark.com)

## Medical expenses

- any medical expenses in connection with the provision of medical treatment to any person employed by a taxable person



# Blocked Input Tax

## Medical and personal accident insurance

Any payment or contribution for insurance contracts:-

- ▶ To insure and cover the cost of medical treatment as well as cost of personal accident in which the insured is any person employed by the taxable person



## Entertainment expenses



Spouse or family members



Potential clients



Employees



Clients

5

# Registration

# Registration



Official Website  
**MALAYSIA GOODS & SERVICES TAX (GST)**  
Royal Malaysian Customs Department



**TAXPAYER  
ACCESS POINT**  
A BETTER TAX SYSTEM



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## MLT

Slice: fhashim

RunDate: 16-Apr-2013

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## Common Questions

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- [What Can I Do In TAP?](#)
- [Why Should I Sign Up?](#)

## Language

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## Login

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Password

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[Sign up](#)

## Manage Registrations

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- [Retrieve Saved Request](#)
- [Lookup Registration Status](#)
- [Apply for Registration Exemption](#)
- [Apply for Flat Rate Scheme](#)
- [File GST Non-Registrant Declaration](#)

## Liability to Register

### Mandatory

- **Making taxable supply of goods and services in Malaysia**
- **Turnover exceeded the prescribed threshold**
- **Proposed turnover RM500,000.00**
- **Turnover is based on the total value of the taxable supplies for a 12 month period**

# Registration

- **Determination of taxable turnover**

- ✓ **historical turnover** (based on the total value of taxable supplies of the current month and the preceding 11 months)

**OR**

- ✓ **future turnover** (based on the total value of taxable supplies of the current month and the next 11 months)

## The determination of threshold

### Taxable Turnover:

#### Includes

- ✓ Standard Rated Supplies
- ✓ Zero Rated Supplies (includes goods exported)
- ✓ Deemed Supplies (private use of business assets, business gift > RM500, supply to connected person, etc)
- ✓ Disregarded supplies (supplies made between members of a group)

#### Excludes

- ✓ Exempt Supplies
- ✓ Sale of Capital Assets
- ✓ Imported Services
- ✓ Out of scope
- ✓ Disregarded supplies (warehousing scheme & local customer –ATMS)
- ✓ Supplies made within Designated areas



## Calculation of taxable turnover for manufacturing sector

- **Sale of goods**
- **Provision of services (loan of mould)**
- **Sub-contract work**
- **Loan of raw material**
- **Business asset put for private used**
- **Gift exceeding RM500**

# Registration

## Voluntary Registration

- For businesses below threshold
- Must remain in the system for at least 2 years

## Other types of Registration

- Branches /Divisional registration
- Group registration
  - ✓ Various members of companies under one group
- Agent principals registration
  - ✓ Registration for non-resident
- Joint Venture (JV) registration
  - ✓ Petroleum exploration activity

- **Subject to late registration penalty on number of days late**
- **Commit an offence for late payment – fine**
- **Effective date of registration for late registration is the date of application**

Late Registration Period (Days)	Cumulative (RM)
1 – 30	1500
31 – 60	3000
61 – 90	4500
91 – 120	6000
121 – 150	7500
151 – 180	9000
181 – 210	10500
211 – 240	12000
241 – 270	13500
271 – 300	15000
301 – 330	16500
301 - 360	18000
Exceeding 360	20000

# Late payment penalty rates

## Example:

***Date exceeds threshold***

***- 15<sup>th</sup> May 2017***

***Liable to register***

***- 1<sup>st</sup> June to 28<sup>th</sup> June 2017***

***Should be registered***

***- 1<sup>st</sup> July 2017***

***Apply for registration***

***- 1<sup>st</sup> January 2018***

***Late registration period : 1<sup>st</sup> July to 31<sup>st</sup> Dec. (184 days)***

***Late registration penalty : **RM 10,500.00*****

# https://www.gst.customs.gov.my



Laman Web Rasmi  
**CUKAI BARANG & PERKHIDMATAN MALAYSIA (CBP)**  
Jabatan Kastam Diraja Malaysia



- Laman Utama
- Mengenai CBP
- Pengguna
- Industri
- Rujukan & Panduan
- Sorotan CBP
- Hubungi Kami

## APA ITU CBP ?

CBP yang juga dikenali sebagai VAT ataupun cukai nilai tambah di kebanyakan negara merupakan cukai penggunaan pelbagai peringkat terhadap barangan dan perkhidmatan

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**Perkhidmatan Online**

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Tiada Pengumuman untuk dipaparkan.

TEMA

- Blue
- Red
- Green
- Grey

SAIZ TEKS

A+  
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EN

SET ASAL



# GST SEMINAR

# Transitional & Accounting For Tax

Saufee Affandi Bin Mohd  
Bahagian GST  
JKDM Johor



BAHAGIAN CUKAI

KEMENTERIAN KEWANGAN



# Briefing Agenda

- 1. Transitional Period**
- 2. Charging Output Tax & Tax Invoice**
- 3. GST Adjustments**
- 4. Taxable period**
- 5. Submission of GST Return**
- 6. Payment of Tax**
- 7. Record Keeping**

1

# Transitional Period



# Supplies Spanning GST

What is supply spanning GST?

- **Payment or invoice before appointed date and supply takes place on and after appointed date or vice versa e.g. sales of goods, airline tickets and cinema**

**General Rule**

- **Any supply before appointed date is not subject to GST**
- **Any supply on or after appointed date is subject to GST**

**Exception to general rule**

- **Supply of warranty**
- **Provision of goods where sales tax has been charged**
- **Provision of services where service tax has been charged**
- **Non-reviewable contracts**

# Payment / invoices on supply of goods

BEFORE GST	ON OR AFTER GST	IMPLICATION ON GST
Taxable goods supplied (available / removed)	Payment received / Invoice issued	Subject to SALES TAX
Invoice issued with sales tax	Taxable goods supplied	Subject to sales tax
Full Payment received / part payment received with sales tax paid	Taxable goods supplied	Subject to sales tax on the whole supply or part of the supply that relates to payment of sales tax
Invoice issued / Payment received by non-licensee	Taxable goods supplied	Value of supply deemed inclusive of GST and account in the 1 <sup>st</sup> taxable period after the appointed date
Invoice issued / Payment received	Supply non-taxable goods under Sales Tax Act 1972.	Value of supply deemed inclusive of GST and account in the 1 <sup>st</sup> taxable period after the appointed date



# Supplies spanning GST

Before GST	On or After GST	Implication on GST
Prescribed Services supplied	Payment received	Not subject to GST Subject to service tax
Payment received / service tax charged or paid	Prescribed Services supplied	Not subject to GST Subject to service tax
Payment received / invoice issued	Non-prescribed services supplied	Value of supply deemed inclusive of GST and account in the 1 <sup>st</sup> taxable period after the appointed date
	Prescribed services supplied by non-licensee	
Goods imported	Release from customs control	Subject to GST and date of importation is when released from customs control



# Supplies Spanning GST



**If the invoice for renting a hall is issued before GST implementation date, prior to an event which would only take place after AD:**

**The services will not be subjected to GST but subject to service tax.**

# Non-Reviewable Contract

## Non-reviewable contract

➤ **Written contract with no provision to review consideration for the supply until a review opportunity arises**

**AND**

➤ **24 months before the date of GST implementation (1.4.15)**



# Non-Reviewable Contract

## Meaning of review opportunity

- Opportunity for supplier either by himself or with agreement to –
  - ✓ change the consideration because of the imposition of GST
  - ✓ conduct a review after AD , renegotiation or alteration of consideration, or
  - ✓ conduct a review before AD, renegotiation or alteration of the consideration

# Non reviewable contract

- **Zero rate supply for 5 years after appointed date or when a review opportunity arises whichever is the earlier if**
  - **both supplier and recipient are registered persons;**
  - **supply is a taxable supply; and**
  - **the recipient of the supply is entitled to claim full input tax on the supplies he makes**
- **After 5 years period, revert to either standard rate or zero rate**
- **For all other contracts that span GST implementation, the portion of the supply that is attributable to post GST implementation is chargeable to tax.**

# Non-Reviewable Contract

Zero rate supply for 5 years after appointed date or when a review opportunity arises whichever is the earlier

AD – 1 st. April, 2015  
(Appointed Date)





# Special refund on goods held on hand

Entitle to special refund of sales tax if:

**100% sales tax claimable**

- claimant is a registered (mandatory) person on AD
- hold goods on AD for making taxable supply (goods or services)
- goods are subject to sales tax
- holds relevant invoices, import document to show sales tax has been charged
- goods where sales tax has been paid before AD
- holds payment documents (cheque, payment voucher, etc.) to show sales tax has been paid

# Special Refund

## Goods not eligible for special refund

- **capital goods e.g. building and land**
- **goods used partially or incorporated into other goods e.g. raw materials, work in progress**
- **goods for hire e.g. cars, generators**
- **goods not for business e.g. personal use**
- **goods not for sale or exchange e.g. containers, pellets, stationeries, moulds, manufacturing aids**
- **goods entitled to drawback**
- **goods allowed sales tax deduction under Section 31A STA 1972 (credit system)**

# Special Refund

## Manner to claim special refund

- claim within 6 months from appointed date
- for special refund < RM10,000 require audit certificate signed by a chartered accountant
- for special refund  $\geq$  RM10,000 require audit certificate signed by an approved company auditor
- use special form to claim refund (online only)
- to be given in eight (8) equal instalments over a period of two (2) years
- to account as output tax if special refund is claimed and goods are returned

## Special Credit Application

\*Mandatory Field

GST No. \*

### Applicant's Information

Name of Business/Company

Business Address

Postcode  Town

State

### Application Details

Received Date \*  /  /

Sales Tax License No.

Total Purchase Value (RM) \*

Full Sales Tax Amount Claimed (RM) \*

20% Method Amount Claimed (RM) \*

Remarks \*

### Supporting Documents

External Audit Certificate

Internal Audit Certificate

Copy of Sales Tax License

Others (Please Specify)

### Signature Confirmation \*

# Special Refund

Reduce special refund to 20%

(20% method)

- **purchase goods from non licensed manufacturers**
- **goods are subject to sales tax**
- **holds invoices which does not show sales tax has been charged**
- **claimant is a registered (mandatory) person**
- **hold goods on appointed date for making taxable goods**

# Special Refund

20% method

- reduce the actual purchase price by 80% for goods held on hand on appointed date

**Special refund = actual price x 20% x sales tax rate**

**Example:**

**Purchased RM15,000 of raw materials but holds RM10,000 on appointed date**

**Special refund = RM10,000 x 20% x 10%**  
**= RM200**



# Charging Output Tax & Tax Invoice

# Input tax and Output tax

## INPUT

Goods (raw materials, machines and other goods)

Services (rental telephone and insurance)

Utilities (electricity and water)

GST on inputs  
= **Input tax**



**Business**

## OUTPUT

Goods (e.g. furniture, tableware, television)

Services ( e.g. loan of mould)

GST on outputs  
= **Output tax**

**Claimed  
input tax**



# Output Tax

## Scope and charge

- **GST is charged on**
  - the **taxable supply** of goods and services
  - made by a **taxable person**
  - in the course or furtherance of **business**
  - in **Malaysia**
- **GST is charged on imported goods**

# Output Tax

**GST charged on**

➤ **taxable supplies (sales of goods / services)**

➤ **deemed supplies**

- **disposal of business assets**
- **private use of business asset**
- **imported services**
- **goods sold in satisfaction of a debt**
- **gifts costing more than RM 500**

# Disposal of Assets

- **Sale of capital assets, other than TOGC**
  - ✓ **subject to GST**
- **Sale of assets as TOGC**
  - ✓ **not subject to GST (not a supply)**
- **Given free**
  - ✓ **the value will be the open market value**
  - ✓ **subject to GST (>RM500)**
- **Sell as scrap**
  - ✓ **the value will be the sale value of scrap**
  - ✓ **subject to GST**

# Output Tax

## Supplies which may not be subject to GST

- cash donation or grants where a person does not get benefits
- compensation or liquidated damages
- disbursements, dividends, loan repayments or capital injection
- transfer of going concern (TOGC)
- contribution to pension, provident or social security fund
- supplies by any society or similar organisation
- supplies excluded from input tax credit

# Output Tax

## Issuance of Tax Invoice

- Tax invoice shall be issued by every registered person who makes any taxable supply in the course or furtherance of any business in Malaysia
- Tax invoice can be issued to the customer either :
  - ✓ **Hard copy**
  - ✓ **Electronic**
- Must issue within 21 days after supply has taken place (Time of supply)
- Containing prescribed particulars

# Tax Invoice

## Issuance of Tax Invoice

### For the purpose of GST, a tax invoice:

- must be issued when the customer is a GST registered person (claim input tax).
- must be issued within 21 days from the basic time of supply.
- may be issued electronically or in a printed form.
- must be in Ringgit Malaysia (RM)
- Duplicate copy of tax invoice must be certified true copy if tax invoice is lost or misplaced
- marked with the word “void” (cancel) if information is wrong.

# Issuance of Tax Invoice

## Types of tax invoice when making taxable supplies

- **full tax invoice**
- **simplified tax invoice**

# Tax Invoice

## Types of Tax Invoice

The issuance of tax invoices can be classified as follows:

### 1. Tax Invoice:

- Full tax invoice
- Simplified tax invoice

### 2. Deemed Tax Invoice:

- Self-billed invoice
- Invoice or statement of sales by auctioneer



# Tax Invoice

## Full Tax Invoice

A full tax invoice should have the following particulars:

(a) the words “tax invoice” in a prominent place;

(b) the tax invoice serial number;

(c) the date of issue of the tax invoice;

(d) the name, address and GST identification number of the supplier;

(e) the name and address of the person to whom the goods or services are supplied;

(f) a description sufficient to identify the goods or services supplied;

# Tax Invoice

## Full Tax Invoice

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

(g)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;

(h)any discount offered;

(i)the total amount payable excluding tax, the rate of tax and the total tax chargeable to be shown separately;

(j)the total amount payable inclusive of the total tax chargeable; and

(k)any amount referred to in (i) and (j) must be expressed in Ringgit

# Example of Full Tax Invoice

**KILANG KASUT SEDAP PAKAI SDN.BHD.**  
 Lot 123, Jalan Pengkalan, 31500 Lahat, Perak  
 (GST ID No : 100001/2009)  
 Tel : 05-3349876

Invoice No:

Date : 25 June 2014  
 D/O No : S000345

## TAX INVOICE

To : Syarikat Kasut Ali Sdn.  
 Bhd.

No. 27, Jalan Maju Jaya,  
 31400 Ipoh, Perak

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
Discount @ 10%				(485.00)
				4,365.00
Add GST @ 6%				261.90
Total Sales				<b>4,626.90</b>

Invoice serial number

Invoice date

Supplier's name, address and GST identification number

The words "Tax Invoice" clearly indicated

Customer's name & address

Quantity of goods or extent of the services supplied

GST Rate

Total amount payable excluding GST

Total GST

Total amount payable including GST

.....  
**KILANG KASUT SEDAP PAKAI SDN.BHD.**

# Tax Invoice

## Simplified Tax Invoice

- The Director General may allow some GST registered persons to issue simplified tax invoice in their business transactions.
- Simplified tax invoice is a tax invoice which exclude certain particulars prescribed for full tax invoice as approved by the DG due to the nature of the business.
- This invoice can be issued regardless of any value of sales.
- Can take the form of an invoice, receipt, sale voucher or any other similar document, as long as it contains the particulars approved by the Director General.

# Example of Simplified Tax Invoice

Supplier's name, address and GST identification number

**COMFORT PARKING SDN. BHD.**  
GF1-03, Kompleks Beli-Belah,  
Jalan Kenangan, 41100 Klang,  
Selangor.  
**(GST ID No : 003456/2014)**  
Tel : 03-33498765

Invoice serial number

Invoice No : A00295

Date : 25.6.2014

Invoice date

Description of goods or services supplied

Description	Total (RM)
Parking fee – 3 hours @ RM1 per hour	3.14
Rounding Adj.	0.01
<b>TOTAL AMOUNT DUE</b>	<b>*3.15</b>

Total amount payable including GST

\* GST @ 6% included in total

GST Rate

RM0.189

Total GST

# Simplified Tax Invoice

PETRONAS  
Puteraneri (PSS S2 City Park)  
City Park Lot c Plot 6283  
70300 Bandar Seremban 2, Seremban  
06-6015442  
27Jun2012 07:24PM

---

Card Desc	Visa
Terminal	95956203
Site Id	000027006209456
Site Tran No	196695
POS STAN	450083
Ref	004321796565
Card	446032.....512
Card Exp	06/16
B. Approval	004926
B. Trace No	796565
TC	65786c06010367c4
App	MAYBANKARD VISA
App ID	a000000031010

---

APPROVED 00 000  
PRIMAX 95 XTRA RM55.11  
29.004ltr@RM1.900/ltr

---

TOTAL RM55.11

---

Mesra card  
APPROVED

Card	70838155.....2328
Issued	29
Bonus	0
Available Balance	451

---

JURIAH NOOR JUHARI  
Thank You For Visiting  
PETRONAS

Statement "Price inclusive of GST 6%" need to be printed here

The total amount payable including GST 6%

# Tax Invoice

## Simplified Tax Invoice and Input Tax Claim

- Simplified tax invoice can be used to claim input tax under the following circumstances:
  - if the simplified tax invoice issued contain the recipient's name and address, the recipient can claim full amount of input tax.
  - If the simplified tax invoice issued does not have recipient's name and address, the recipient can only claim input tax RM30.00\* or less if the amount of GST payable is more than RM30.00\*.

# Tax Invoice

## Tax Invoice for Mixed Supplies

- A supplier may make exempt, zero-rated and or standard rated supplies simultaneously to the same customer.
- Issue one invoice to document such transactions.
- The tax invoice issued must clearly distinguish the taxability of the supplies (exempt, zero-rated or standard rated) made.
- Indicate separately the applicable values and the GST rate charged (if any) on each supply.



# Tax Invoice

## Tax Invoice for Mixed Supplies

- distinguish the supplies of goods or services (exempt, zero rated or other supplies) and
- state separately the gross total amount payable in respect of each supply and rate.

***Example:***

<i>Standard rated supply (6% GST)</i>	<i>RM 1,000</i>
<i>Exempt supply (nil GST)</i>	<i>RM 500</i>
<i>Zero rated supply (0% GST)</i>	<i>RM 300</i>
<i>GST (6%)</i>	<i><u>RM 56.60</u></i>
<b><i>TOTAL PAYABLE</i></b>	<b><i>RM 1,856.60</i></b>

# (Mixed Supplies – Standard Rated and Exempt)

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

Supplier's name, address and GST identification number

Invoice No : 0001114

Invoice serial number

Date : 25 January 2015

Invoice date

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

TAX  
 Customer's name & address

The words "Tax Invoice" clearly indicated

**INVOICE**

Indicator for exempt supply

Indicator for standard rated supply

Description of services supplied

No.	Description	Total (RM)
1.	**Premium for life insurance (TO)	200.00
2.	* Premium for medical insurance (10 workers@ RM70 per person)	700.00
3.		2,000.00
4.	* Premium for fire insurance (1 office building)	3,000.00
	* Premium for motor vehicles insurance (3 company cars @ RM1,000 per unit)	
Total Sales		5,900.00
Add GST @ 6%		342.00
Total Amount Due		<b>6,242.00</b>

Total amount payable excluding GST

Total GST

Total amount payable including GST

GST Rate

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 ID No : 100004/2012)

Supplier's name,  
address and GST  
identification  
number

Invoice  
serial  
number

Invoice No: T01114

Date: 7 November, 2015

## TAX INVOICE

The words "Tax  
Invoice" clearly  
indicated

Invoice  
date

**BIG CAFE SDN. BHD.**

Lot 123, Jalan Pujut, 98000 Miri, Sarawak  
Tel : 085-659090

Customer's  
name &  
address

No.	Description	Quantity	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	10	0.70	7.00
Total Sales				290.00
Add GST @ 6%				12.00
Total Amount Due				302.00

Indicator for  
standard  
rated supply

Indicator for  
zero rated  
supply

Description  
of goods  
supplied

GST Rate

Total  
amount  
payable  
excluding  
GST

Total GST

Total amount  
payable  
including GST

GST summary	Amount(RM)	Tax(RM)
* 6%	200.00	12.00
** 0%	90.00	0.00

.....  
DORY MART SDN. BHD.

## Example Tax Invoice for Mixed Supplies

**SYARIKAT PEMAJU HARTANAH SDN.BHD.**

Lot 123, Jalan Meru, 43210 Klang, Selangor  
 (GST Reg No : 100004/2010)  
 Tel : 03-33498765

Supplier's name, address and GST identification number

The words "Tax Invoice" clearly indicated

Serialised "Tax Invoice" number

### TAX INVOICE

**Tax Invoice No: 0001114**

To : **Syarikat Embassy Sdn. Bhd**  
 No. 27, Jalan Maju Jaya,  
 31510 Ipoh.

Customer's name & address

Date : 25 Jun 2010  
 D/O No : 5000235

Date of Tax Invoice

Serial /No	DESCRIPTION	QTY	UNIT PRICE (RM)	TOTAL (RM)
1	Shop houses (4% GST)	2	350,000	700,000
2	D/S Terrace houses (Exempt)	10	250,000	2,500,000
				3,200,000
Add GST @ 4%				28,000
<b>Total Sales</b>				<b>3,228,000</b>

Description of goods or services supplied

Quantity of goods or extent of the services supplied

Rate of GST

Total Charge made, excluding GST

Total charge made, including GST

.....  
**SYARIKAT PEMAJU HARTANAH SDN.BHD.**

# 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 – 8896XXXX FAX: 03 – 896XXXX  
GST ID No : .....

Invoice date

Date: 30/4/2015 15:35:45

Invoice No: V001619

Invoice  
serial  
number

Description  
of goods or  
services  
supplied

BISCUITS PNKL [PACK]	1	3.90	
3.90 S			
010611			
PRINGLES SC 182G [PCS]	1	6.90	
6.90 S 001002			
SUGAR			2
1.45	2.90		
123235			

Indicator for  
standard  
rated supply

Indicator for  
zero rated  
supply

Item Count

4

GST Rate

Total Sales Inclusive GST @ 6%

13.81

Total amount  
payable  
including GST

Rounding Adjustment

0.00

Cash

14.00

Balance

0.30

Total GST

GST summary Amount (RM)

S = 6%

0.62

Tax (RM)

10.29

# Tax Invoice

## Other documents as a Tax Invoice

- In rare cases, the Director General may allow a GST registered person to use a document in business transaction to be treated as a tax invoice.
- Director General is satisfied that it will not be appropriate for the registered person to issue a tax invoice.

***Example:***

*Bank statement can be treated as a tax invoice, as it is not practical for the banks to issue a tax invoice due to the large volume of transactions.*

- Registered person must apply in writing.

# Tax Invoice

## Self-Billed Invoice

- Self-billed invoice allows the recipient to issue a tax invoice on behalf of the supplier when the value is not known to the supplier at the time of supply.
- Self-billed invoice to be treated as a tax invoice
- Application for self-billing to be made by recipient
- Subject to approval by the Director General.

# Tax Invoice

## Self-Billed Invoice (*cont...*)

➤ DG may allow the recipient to issue a self-billed invoice subject to the following conditions:-

1. the value at the time of supply is not known by the supplier;
2. the recipient and the supplier are both registered persons;
3. the recipient and supplier agree in writing to a self-billed invoice;
4. the supplier and the recipient agree that the supplier shall not issue a tax invoice;
5. prior approval of DG to treat self-billed invoice as tax invoice;
6. a duplicate copy of any self-billed invoice is provided to the supplier and the original copy is retained by the recipient;
7. in the case where the self-billed invoice is issued before the time of supply of goods, the self-billed invoice shall be issued with payment;



# Tax Invoice

## Self-Billed Invoice (*cont...*)

8. self-billed invoice issued by recipient should have the following particulars:
  - a. the supplier's & recipient's names, addresses & GST identification numbers;
  - b. the word 'self-billed invoice' in a prominent place;
  - c. the invoice serial number;
  - d. the date of issuance of the invoice;
  - e. the **reference number of RMCD's approval**;
  - f. a description sufficient to identify the goods or services supplied;
  - g. 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;
  - h. any discounts offered;
  - i. the total amount payable excluding tax, the rate of tax and the total tax chargeable to be shown separately;
  - j. the total amount payable inclusive of the total tax chargeable; and
  - k. any amount referred to in (i) & (j) must be expressed in Ringgit.
- 9 any other condition as the Director General deems fit to impose.

# Example of Self-Billed Invoice

Supplier's name,  
address and GST  
identification  
number

**KILANG TEMBAKAU SELANGOR SDN BHD**  
**SELF-BILLED TAX INVOICE**  
 RMCD approved No. ....

The words "Self-Billed  
Invoice" clearly  
indicated

Supplier

**Syarikat Daun Tembakau Sdn Bhd**  
 NO.27, Jalan Pasir Putih,  
 51100 Kota Baru, Kelantan.  
 (GST ID No: 100900/2015)

RMCD approval number

Invoice No : 0001113  
 D/O No : S000345  
 Date : 25 June 2015

Invoice serial  
number

Invoice  
date

Recipient

**KILANG TEMBAKAU SELANGOR SDN.BHD**  
 Lot 123, Jalan Meru, 43210 Klang, Selangor  
 Tel: 03-33498765  
 (GST ID No: 100003/2015)

Recipient's/Customer's  
name, address and GST  
identification number

Total amount  
payable excluding  
GST

Serial No.	Description	Tax Rate (%)	Quantity	Unit Price (RM)	Total (RM)
1.	Daun Tembakau Gred C	6.00	200	8.00	1,600.00
2.	Daun Tembakau Gred B	6.00	200	10.00	2,000.00
3.	Daun Tembakau Gred A	6.00	50	25.00	1,250.00
<i>Total Sales</i>					4,850.00
<i>Add GST @ 6%</i>					291.00*
<b>Total Amount Due</b>					<b>5,141.00</b>

Description of  
goods or services  
supplied

GST Rate

Quantity of goods  
or extent of the  
services supplied

Total amount  
payable  
including GST

Total  
GST

\* The GST shown is your output tax due to the Government.

.....  
**KILANG TEMBAKAU SELANGOR SDN.BHD.**

# Tax Invoice

## Who Can Issue Self-Billed Invoice?

### Examples:

- *tobacco manufacturers issue tax invoices to growers who supply tobacco leaves. Since the recipient / buyer knows the open market value of the tobacco leaves, thus they are best able to provide the necessary information on the value of the product and will therefore issue a self-billed invoice or recipient-created tax invoice.*
- *A publisher can adopt a self billing arrangement when paying royalties to taxable authors*
- *Felcra, Felda , Palm oil industry, BAT, Supermarkets, etc..*
- ❖ *If you do not meet the specified standards for invoices, your approval can be cancelled at any time.*

# Tax Invoice

## Tax Invoice in a Foreign Currency

➤ If the amount of the supply stated in a tax invoice is in a foreign currency, the following particulars in the tax invoice have to be converted into Ringgit Malaysia (RM)\* for GST purposes:

- (a) total amount payable excluding GST;
- (b) total GST payable; and
- (c) total amount payable including GST.

*\* The foreign currency is converted into Ringgit Malaysia using the open market rate of exchange prevailing in Malaysia at the time when the supply takes place.*

*Note:* -Local transaction, use daily exchange rates of any bank operating in Malaysia.

-Import transaction, conversion of foreign currency should be at the exchange rate published by Customs which update every week.

# Tax Invoice – Foreign Currency

## KENZOU ELECTRONIC BHD

**Supplier's name, address and GST identification number**

Kenzou Electronic Bhd  
Lot 169, Jalan Pasar, 32100 Ipoh, Perak  
(GST ID No: .....)  
Tel: 03-33161900

**The words "Tax Invoice" clearly indicated**

Invoice No : 0002121  
Date : 3.4.2015  
D/O No : D100011

**Tax Invoice serial number**

### TAX INVOICE

**Customer's name & address**

To: Kenzo Sdn Bhd  
No. 24, Jalan Silibin  
32100 Ipoh, Perak.

**Price in foreign currency**

**Price in RM**

No.	Description	Quantity	Unit Price (USD)	Total (USD)	Total (RM) @ 3.50
1.	LCD TV 42" T004S	20	1,000.00	20,000.00	70,000.00
2.	Blue-Ray Player BD001	20	500.00	10,000.00	35,000.00
3.	Home Theatre HT010	10	300.00	3,000.00	10,500.00
Total Sales				33,000.00	115,500.00
Add GST @ 5%				1,650.00	5,775.00
Total Amount Due				34,650.00	121,275.00

**Description of goods or services supplied**

**Total amount payable excluding GST**

**Total GST**

**Total amount payable including GST**

.....  
KENZOU ELECTRONIC BHD

# Tax Invoice

## Tax Fraction

Tax fraction is the GST amount of the consideration.

The calculation of the tax fraction is as follows :

$$\text{➤ Tax fraction} = \frac{\text{tax rate}}{100 + \text{tax rate}}$$

Example:

Assuming your consideration is RM100.

$$\begin{aligned} \text{GST} &= \frac{\text{GST rate}}{100\% + \text{GST rate}} \\ &= \frac{6\%}{100\% + 6\%} \\ &= \text{RM5.66} \end{aligned}$$

# Tax Invoice

## Tax Inclusive

- In retail business, it may be more practical to treat the sum of money received from your customer (consideration) as inclusive of GST.
- The tax invoice should still show the GST as a separate amount, and you can state the GST inclusive prices and indicate with the words “price inclusive of GST”.

### ***Example:***

*Assume you sell an oven at RM1000.*

$$\begin{aligned} \text{GST} &= \text{Price} \times \text{Tax Fraction} \\ &= \text{RM}1000 \times 6/106 \end{aligned}$$

# Tax Invoice

## Tax Exclusive

- Tax exclusive refers to the amount of GST paid as shown in the tax invoice with separate GST amount.

### ***Example:***

*Assume you sell an oven at RM1000*

$$\begin{aligned} \text{GST} &= \text{Price} \times \text{Rate of Tax} \\ &= \text{RM}1000 \times 6\% \\ &= \text{RM}60 \end{aligned}$$

Charge customer RM1060 (i.e. RM1000 + RM60 (GST) and remit RM 60 to RMCD.



# Tax Invoice – Pro forma Invoice

- A pro forma invoice is not regarded as a tax invoice.
- You can only claim input tax in your GST return if you have a proper tax invoice.
- Your supplier should give you a proper tax invoice for claiming input tax.

# Tax Invoice

## **Importation of Goods & Services**

GST for imported goods are declared and paid at the time of importation whereas GST on imported services (Sec.13) is accounted by way of the reverse charge mechanism.

## **Reverse charge mechanism**

A supplier who does not belong in Malaysia and supplies services to a customer in Malaysia does not have to charge GST. However, the customer who receives the services is required to account for GST by a reverse charge mechanism.

The recipient has to pay tax for the imported services he received and the same time claim input tax in his GST return. Reverse charge mechanism is an accounting procedure where a recipient (as the customer) of the supply, acts as both, the supplier and the recipient of the services.

# Imported Services

Malaysia

IT Tex\_ .UK

ABC Sdn.Bhd  
(Taxable person)

Value of Services = RM10,000.00  
GST = 6% X RM10,000 = RM600

GST-03

OUTPUT TAX = RM600

INPUT TAX = RM600

Port

overseas



# GST Adjustments

# Adjustments

## Adjustments to input tax and output tax

- **when the taxable person issues debit notes or credit notes**
- **In relation to bed debt,**
  - ✓ **payment not received after 6 months**
  - ✓ **debtor has become insolvent before expiry of 6 months**
  - ✓ **payment not made for supply after six months**

# Adjustments – Credit note & Debit note

## Adjustments due to credit note issued

- credit note is issued when the amount previously invoiced is reduced or a transaction is cancelled
- **Supplier**, already accounted for output tax, **reduces output tax** in the return for the taxable period in which the credit note was issued
- **buyer**, already claimed input tax, **reduces input tax** in the return for the taxable period in which he received the credit note

## Adjustments due to debit note issued

- debit note is issued when the amount previously invoiced is increased
- **supplier** has to **increase output tax** in the return for the taxable period in which the debit note was issued
- **buyer** has to **increase input tax** in the return for the taxable period in which he received the debit note

# Credit note & Debit note adjustment

Adjustment	Supplier		Recipient	
<i>In relation to</i>	<i>Adjustment method</i>	<i>When: In GST Return for</i>	<i>Adjustment method</i>	<i>When: In GST Return for</i>
<b>Credit note</b>	<b>Reduce output tax</b>	<b>The taxable period where CN is issued</b>	<b>Reduce input tax</b>	<b>Taxable period where CN is issued</b>
<b>Debit note</b>	<b>Increase output tax</b>	<b>The taxable period where DN is issued</b>	<b>Increase input tax</b>	<b>Taxable period where DN is issued</b>

# CREDIT AND DEBIT NOTE

KENSTONE (M) SDN BHD  
 (COMPANY NO: 222111 U)  
 15 JALAN CEPAT, KAWASAN PERINDUSTRIAN TAMPOI,  
 80350 JOHOR BAHRU, JOHOR, MALAYSIA.  
 TEL: 07-2323444 FAX: 07-2323442

## CREDIT NOTE

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

CN NO: 12542  
 DATE: 21.1.2010  
 GST NO: 12128888

Your return ref. no.	Account no.	Tax Invoice no.	Date of Invoice:
DO No. 5455	1010117879454	65473	12.1.2010

ITEM	DESCRIPTION	QUANTITY	UNIT PRICE (RM)	VALUE
No.1	Tiles	120 pcs	5.00	600.00
<b>Total</b>				<b>600.00</b>
4% GST				24.00
Refunded Charge				624.00

Reason for return:

Damaged goods

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

## DEBIT NOTE

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

DN NO: 1540  
 DATE: 20.1.2010  
 GST NO: 12128888

Your ref. no.	Account no.	Tax Invoice No.	Date of invoice:
DO No. 5455	1010117879454	124345	15.1.2010

ITEM	DESCRIPTION	QUANTITY	UNIT PRICE (RM)	VALUE (RM)
No.2	Sale Value for Tiles code no. A5 as per invoice no: 124345 dated 15.1.2010	1000pcs	5.00	500.00
	Revised sale value			5000.00
	Difference			4500.00
<b>Total</b>				<b>4500.00</b>
4% GST				180.00
Charge to be paid:				4680.00

Reason:

The sale price for item no.2 worth RM 5,000 for RM500 by mistake.

Approved By:

Faizulhuda Hashim



# Bad debt

- **Bad Debt Relief**

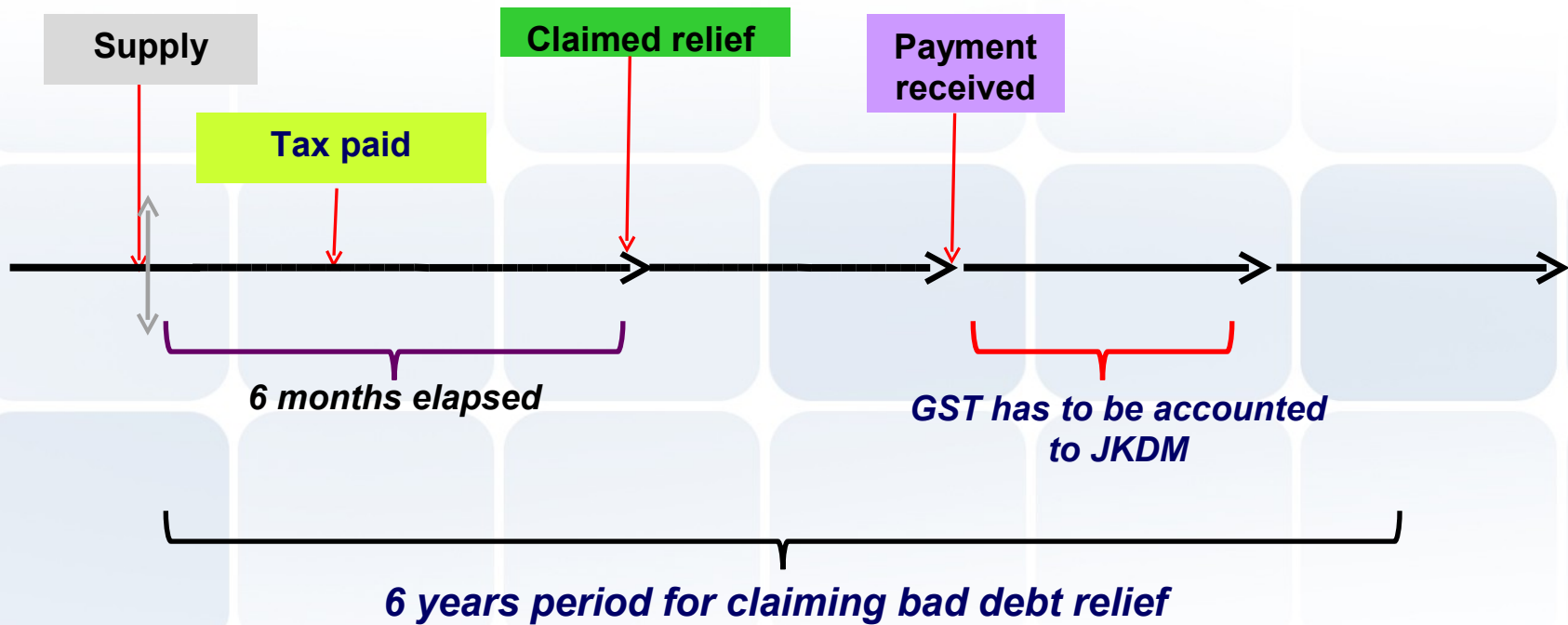
- ✓ entitle to relief on bad debts if the taxable person has not received any payment or part of payment in respect of the taxable supplies

- **Conditions to apply relief**

- ✓ GST has been paid
- ✓ has not received any payment or part payment 6 months from the date of supply or the debtor has become insolvent before the period of 6 months has elapsed
- ✓ sufficient efforts have been made to recover the debt

# Bad Debt

## Concept:



# Adjustments – Bad debts

## Adjustments due to **payment not received**

- supplier is entitled to bad debts relief
- **supplier claims as input tax** in the return for the taxable period in which the bad debts are given relief
- output tax paid, claim as

$$\text{input tax} = \frac{A1}{B} \times C$$

where

**A1** is the payment not received in respect of the taxable supply

**B** is the consideration for the taxable supply

**C** is the tax due and payable on the taxable supply

- **customer account as output tax** in the return for the taxable period in which the bad debts are given relief

# Adjustments – Bad debts

Adjustments due to **payment received** in respect of bad debts

- supplier has made the claim for bad debt relief
- subsequently customer paid the debt
- **supplier accounts as output tax** in the return for the taxable period in which the payment is made
- output tax amount to account

$$\text{output tax} = \frac{A2}{B} \times C$$

where

**A2** is the payment received in respect of the taxable supply

**B** is the consideration for the taxable supply

**C** is the tax due and payable on the taxable supply

- **customer claim as input tax** in the return for the taxable period in which the payment is made

# Adjustments – Bad debts

Adjustment	Supplier		Recipient	
<i>In relation to</i>	<i>Adjustment method</i>	<i>When: In GST Return for</i>	<i>Adjustment method</i>	<i>When: In GST Return for</i>
Bad debt relief (Payment NOT received)	Increase input tax	The taxable period when bad debt relief is claimed	Increase output tax	The taxable period where the 6 <sup>th</sup> months from time of supply occurred
Recovery of bad debt (Payment received)	Increase output tax	The taxable period when payment is received	Increase input tax	The taxable period when payment is made

# 4

## Taxable period

# Taxable period

- Regular interval period where a taxable person accounts and pays GST to the government
- The taxable period will be determined at the time when the GST registration is approved
  - quarterly basis
    - ❖ for businesses with annual turnover not exceeding RM5 million
  - monthly basis
    - ❖ for businesses with annual turnover exceeding RM5 million
- A taxable person may apply to be placed in any other category other than his pre-determined taxable period

# TAXABLE PERIOD (section 40)

- Regular interval period where a taxable person accounts and remits GST to the Government.
- The **default taxable period** for the GST registered person to be monthly or quarterly depending on his annual total value of taxable supplies on the approval of GST registration as below:
  - Monthly - if ..... above RM 5 mil. (Sec. 40(1)(a))
  - Quarterly - if ..... below RM 5 mil. (Sec. 40(1)(b))



# TAXABLE PERIOD (section 40)

- Special Cases - Power of Director General
  - The registered person may apply :
    - to be placed in any taxable period other than the default taxable period; or
    - to vary the length of any taxable period or the date on which any taxable period begins or ends due to the accounting nature of the business.
      - e.g. The varied taxable period may begin 15<sup>th</sup> of the month, instead of the 1<sup>st</sup> day of the month.
  - DG may consider changing a taxable period or beginning of a taxable period or ending of the taxable period - Sec 40(3), 40(5)
  - DG may reassign the taxable person to any taxable period other than the period to which he has been previously determined under subsection (1) or assigned under subsection (3) or (5)

# 5

## Submission of GST Returns

# Submission of GST Returns

## Filing of Returns

- GST returns must be submitted not later than the last day of the month following the end of the taxable period
- Electronic filing is encouraged

MLT: Taxpayer Access Point x MLT WEB.GENTAX - Goods x

https://gentaxmlt.customs.gov.my/MLT/mZJT\_Zxb/#2

**JABATAN KASTAM DIRAJA MALAYSIA**  
**ROYAL MALAYSIAN CUSTOMS DEPARTMENT** **GST - 03**

**Pindaan**  
**Amendment**

**BAHAGIAN A : BUTIRAN ORANG BERDAFTAR**  
**PART A : REGISTERED PERSON DETAILS**

1) No. CBP \*  
GST No. \* 000629702656

2) Nama Perniagaan \*  
Name of Business \*

**BAHAGIAN B : BUTIRAN PENYATA**  
**PART B : RETURN DETAILS**

3) Tempoh Bercukai \*  
Taxable Period \* Tarikh Mula Start Date 01-Jan-2014  
Tarikh Akhir End Date 31-Mar-2014

4) Tarikh Akhir Serahan Penyata dan Bayaran \*  
Return and Payment Due Date \* 30-Apr-2014

5) Cukai Output  
Output tax **Amaun (Amount)**

a) Jumlah Nilai Pembekalan Berkadar Standard \*  
Total Value of Standard Rated Supply \* RM 0.00

b) Jumlah Cukai Output (Termasuk Hutang Lapuk Dibayar Balik dan Pelarasan lain) \*  
Total Output Tax (Inclusive of Bad Debt Recovered and other adjustments) \* RM 0.00

6) Cukai Input / Input Tax

a) Jumlah Nilai Perolehan Berkadar Standard \*  
Total Value of Standard Rated Acquisition \* RM 0.00

b) Jumlah Cukai Input (Termasuk Pelepasan Hutang Lapuk dan Pelarasan lain) \*  
Total Input Tax (Inclusive of Bad Debt Relief and other adjustments) \* RM 0.00

7) CBP Kena Dibayar (Butiran 5b - Butiran 6b) \*  
GST Amount Payable (Item 5b - Item 6b) \* RM 0.00

ATAU / OR

8) Amaun CBP Boleh Didutur (Butiran 6b - Butiran 5b) \*  
GST Amount Claimable (Item 6b - Item 5b) \* RM 0.00

9) Adakah anda memilih untuk membawa ke hadapan pembayaran balik CBP?  
Do you choose to carry forward refund for GST?  Ya Yes

**BAHAGIAN C : MAKLUMAT TAMBAHAN**  
**PART C : ADDITIONAL INFORMATION**

10) Jumlah Nilai Pembekalan Tempatan Berkadar Sifar \*  
Total Value of Local Zero-Rated Supplies \* RM 0.00

11) Jumlah Nilai Pembekalan Eksport \*  
Total Value of Export Supplies \* RM 0.00

12) Jumlah Nilai Pembekalan Dikecualikan \*  
Total Value of Exempt Supplies \* RM 0.00

13) Jumlah Nilai Pembekalan Diberi Pelepasan CBP \*  
Total Value of Supplies Granted GST Relief \* RM 0.00

Save Cancel

start MLT WEB.GENTAX - G... FMM Arvina Accounting for Tax F... Accounting for tax (1... Exchange Rate - Mic... 3:48 PM

# Submission of GST Returns

**GST Return must be submitted for any condition as follows:**

- **Payment** : output tax > input tax
  - **Refund** : output tax < input tax
  - **No payment** : output tax = input tax
- no output tax, no input tax  
(nil return)**

**Late filing return commits an offence and be liable to a fine not exceeding fifty thousand ringgit or to imprisonment not exceeding 3 years or to both**

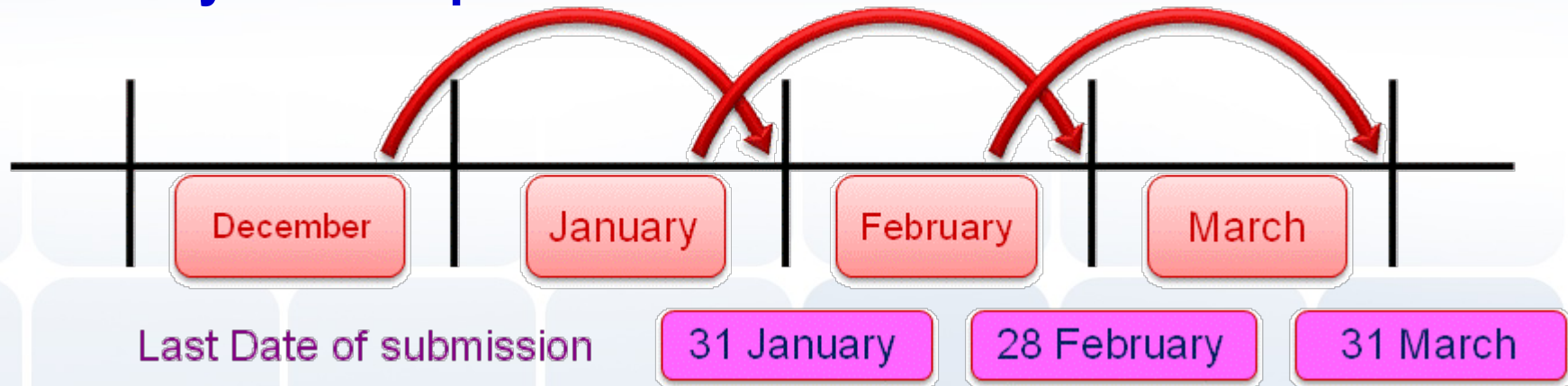
# Submission of Tax Return

The screenshot displays the GST RMCD - GST website interface. At the top, there are browser tabs for 'NURMILDEWATI BT TUNJOL', 'AirAsia | Cheap Flights to Sir', 'Flight Selection', 'Welcome to CIMB Clicks Mal', 'Facebook', and 'GST RMCD - GST'. The address bar shows 'gst.customs.gov.my/en/Pages/default.aspx'. The main navigation menu includes 'Home', 'About GST', 'For Consumers', 'For Industries', 'Resources & Guides', 'GST Highlights', and 'Contact Us'. A large banner for 'GST Highlights' features a background image of shipping containers and text: 'Get the latest new, announcements and updates regarding GST. Plenty of interesting and exciting updates for your informations'. Below the banner are three columns of service links: 'Online Services' (TAP Registration, Logon to TAP, Drop Us Your Feedback, Complaint/ Suggestion, Request a Seminar), 'Online Calculator' (GST Calculation, GST Calculation for Imports, GST Penalty Calculation), and 'Media Gallery' (Pictures, Audios, Videos). To the right, there are sections for 'TAXPAYER ACCESS POINT' (REGISTER, LOGON), 'FOR CONSUMERS', 'FOR INDUSTRIES', and 'FOR TOURISTS', each with a 'MORE' link. Below these are 'Announcements' and 'News & Updates' sections, both stating 'There are no [Announcements/News] to be displayed.' The footer contains a 'Make a payment' section, a 'Poll' for GST Portal performance, 'Legislation & Tax Rates', 'Check with Taxpert', and a 'QR Code' for mobile access. A 'Subscribe News' form is also present. Site access information shows the last update as 16/2/2013 0:36, 6 visitors online, and 32451 total visitors. A 'Follow Us' section includes social media icons. A hotline number '1300-888-500' and 'MOCC 03-8000 8000' is displayed. The bottom of the page includes a 'CLIENT'S CHARTER | PRIVACY POLICY | SECURITY POLICY | DISCLAIMER | RSS' link and a copyright notice for 2012, Royal Malaysian Customs Department.

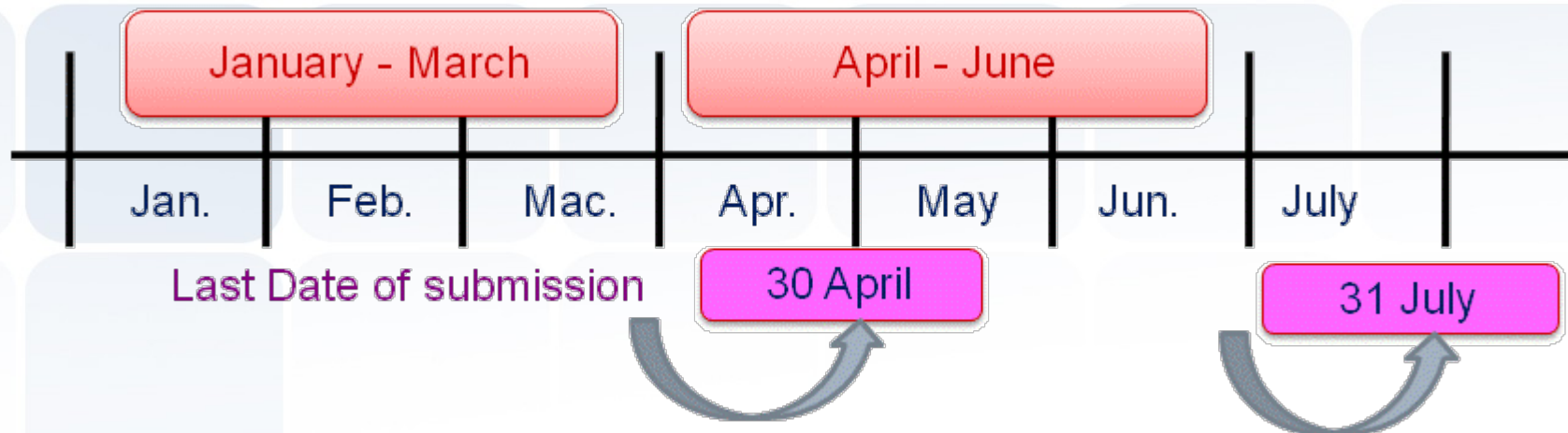
# Submission of GST Returns

## When to submit GST Return

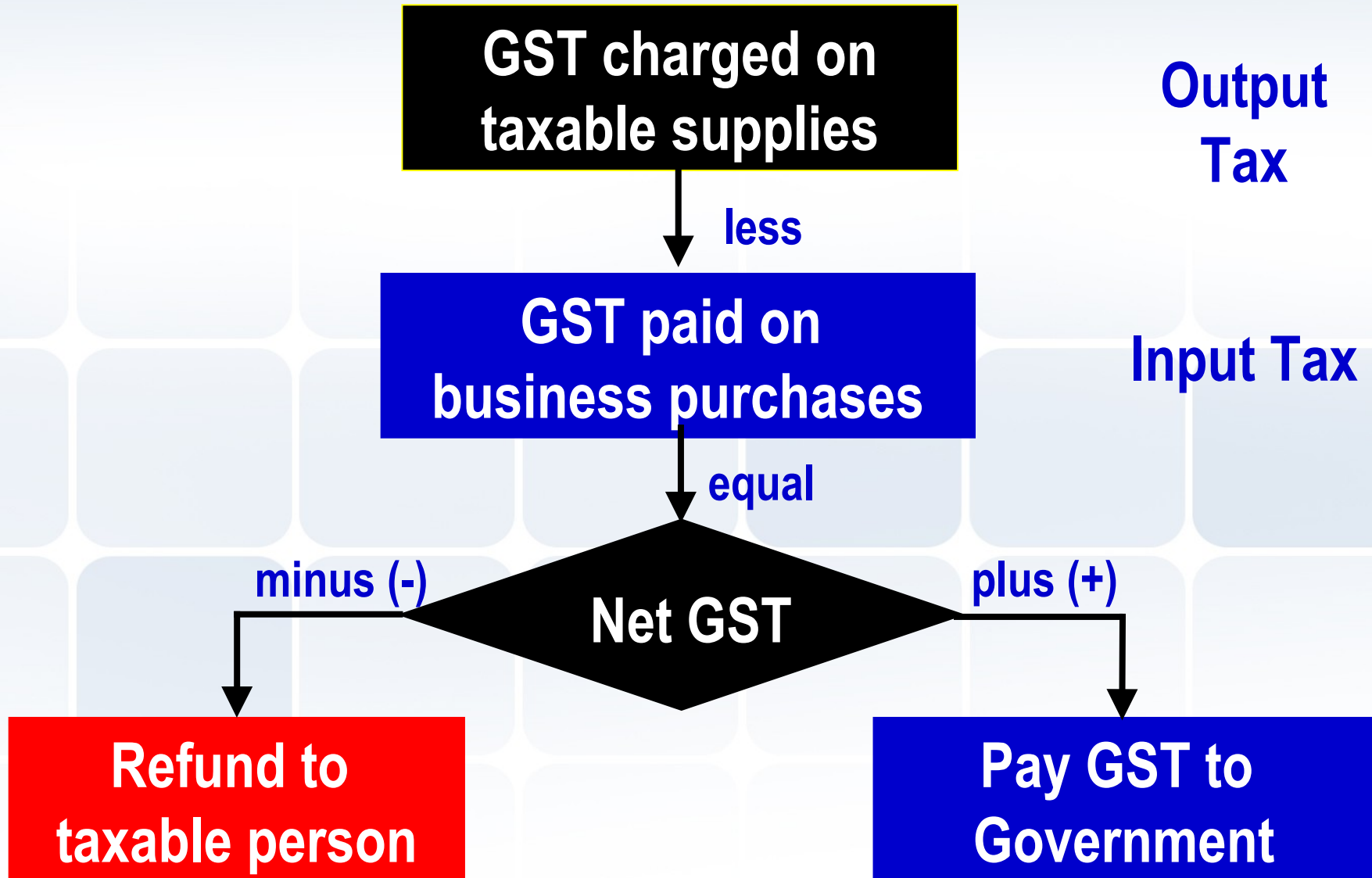
### ➤ monthly taxable period



### ➤ quarterly taxable period



# Submission of GST Returns



# Submission of GST Returns

## Sample of GST Return

### ▪ Calculation of output tax

- Value of taxable supplies made RM1,000,000 1
- Output tax RM 40,000 2

### ▪ Calculation of input tax

- Value of taxable supplies received RM 600,000 3
- Input tax RM 24,000 4

### ▪ Net tax payable/refundable

- GST payable (2 – 4) RM 16,000 5
- GST refundable (4 – 2)   6



# Submission of GST Returns

## Sample of GST Return

### ▪ Calculation of output tax

- Value of taxable supplies made RM1,000,000 1
- Output tax RM 40,000 2

### ▪ Calculation of input tax

- Value of taxable supplies received RM1, 600,000 3
- Input tax RM 64,000 4

### ▪ Net tax payable/refundable

- GST payable (2 – 4)   5
- GST refundable (4 – 2) RM 24,000 6



# Payment of Tax

# Payment of Tax

➤ **Payment of tax must be made not later than the last day on which he is required to furnish the return**

➤ **Payment** of tax may be made

- **at JKDM office, in person**

- ✓ **cheque, bank draft, postal order, money order**

# Payment of Tax

Cont.....

➤ **Payment** of tax may be made..

- **over the counter at dedicated bank**

- ✓ cheque, bank draft

- **by post**

- ✓ cheque, bank draft, postal order

- **by electronic means**

- ✓ Internet banking, FPX (financial processing exchange)



# Record Keeping

# Record Keeping

- Bahasa Malaysia or English
- 7 years
- can be kept in soft or hard copy
- to be kept in principal place of business
- Document / Record must be **PRESERVED**

# Record Keeping

## Failure to Keep Records

- Any person who contravenes Section 36 GST Act 2014, commits an offence and shall, on conviction, be liable to a fine:
  - ✓ not exceeding **fifty thousand ringgit**; or
  - ✓ to imprisonment for a term not exceeding **three years**; or
  - ✓ to **both**

# Record Keeping

- **Records relating to registration**
  - ✓ SSM records – Form A, B, C, 8,9 and etc.
- **Records relating business activities**
  - ✓ tax invoices, invoices, receipts,
  - ✓ debit note, credit note
  - ✓ delivery order, purchase order
  - ✓ Bank slip, bank statement, voucher and etc.
  - ✓ Contract, agreement
- **Records relating to accounting (hard copy)**
  - ✓ Financial statement – Profit & Loss, Balance Sheet, Trial Balance
  - ✓ Account payable, account receivable, General ledger, Sales, Purchase , stock, cash and etc.



# Record Keeping

## ■ Records relating to taxation

- ✓ Customs forms – K1, K2, K9 and etc
- ✓ GST – GST returns, registration and etc
- ✓ GST adjustment sheet
- ✓ Income tax declaration

## ■ Records relating to electronic form

- ✓ Accounting software manual
- ✓ Accounts chart, access code, program documentation
- ✓ Audit trail
- ✓ Purchase, Sales, GL Listing (e.g standard, exempt, disregard, out of scope, deemed supply etc)
- ✓ GAF File (GST Accounting Software)
- ✓ Management Information Report (MIS) report
- ✓ Other data / records keep in accounting / business software

# **FREIGHT TRANSPORT SERVICES**

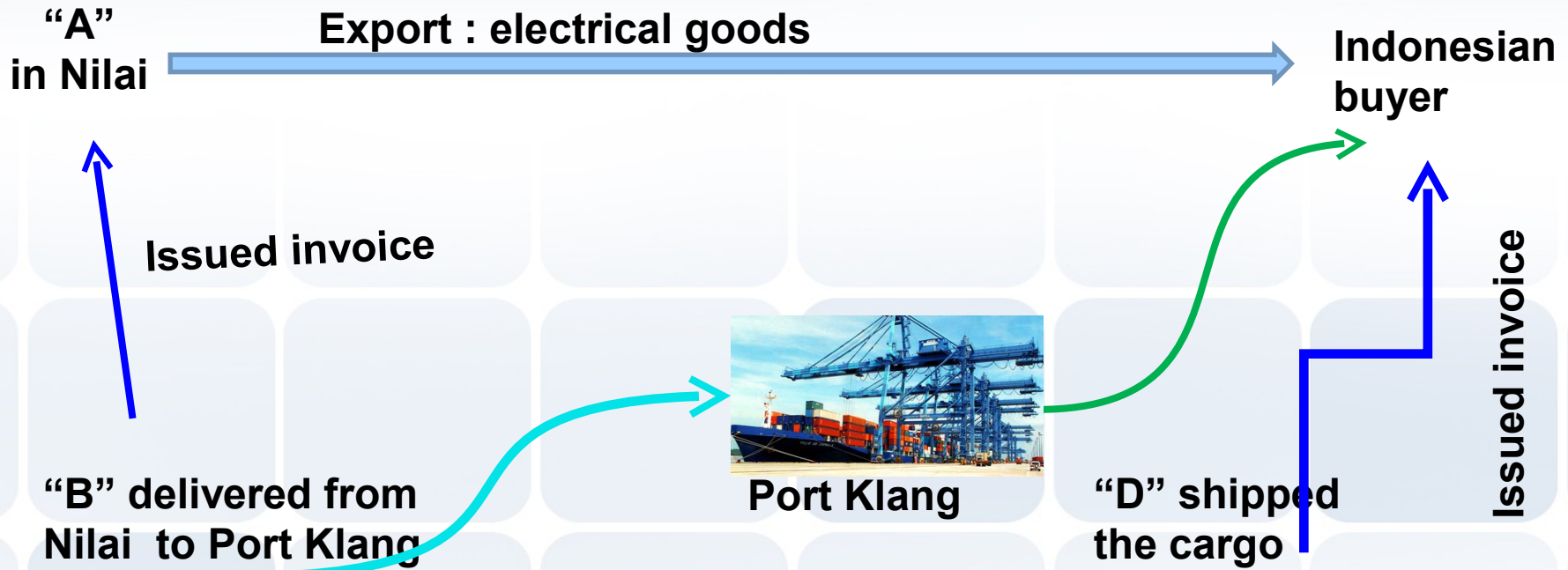
## Definition

- ❑ **A supply of services for the carriage or movement of goods by**
  - **Sea and inland waterways**
  - **Rail**
  - **Road**
  - **Air.**
  
- ❑ **Goods :**
  - **All articles, materials, merchandise, or wares includes livestock, but usually does not include bunkers (fuel for powering the vessel or vehicle), accompanying baggage, vessel or vehicle's equipment and spare parts, mail, and stores.**

## Domestic transportation services including to and from DA

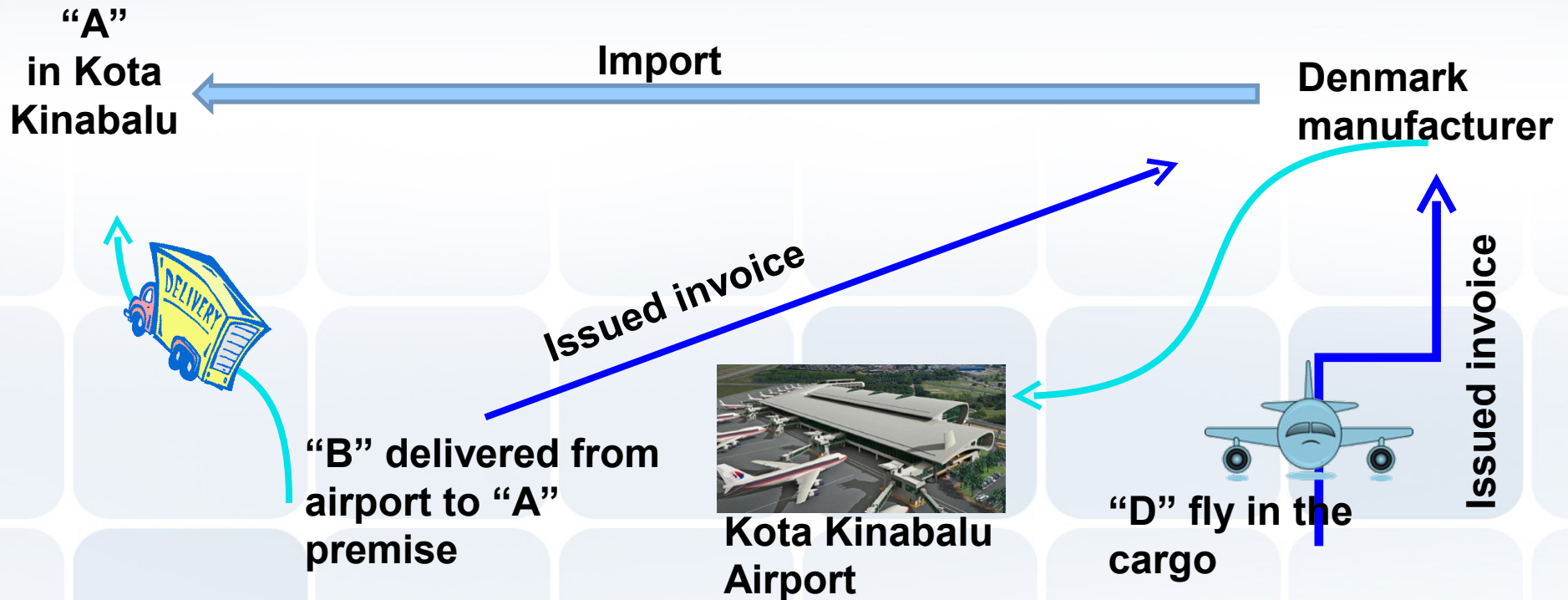
<b>Kuala Lumpur</b>	→	<b>Kuching</b>
<b>Kuala Muda</b>	→	<b>Langkawi</b>
<b>Johor Bahru</b>	→	<b>Tawau</b>
<b>Langkawi</b>	→	<b>Labuan</b>

# Freight Transportation – Standard-Rated Supply



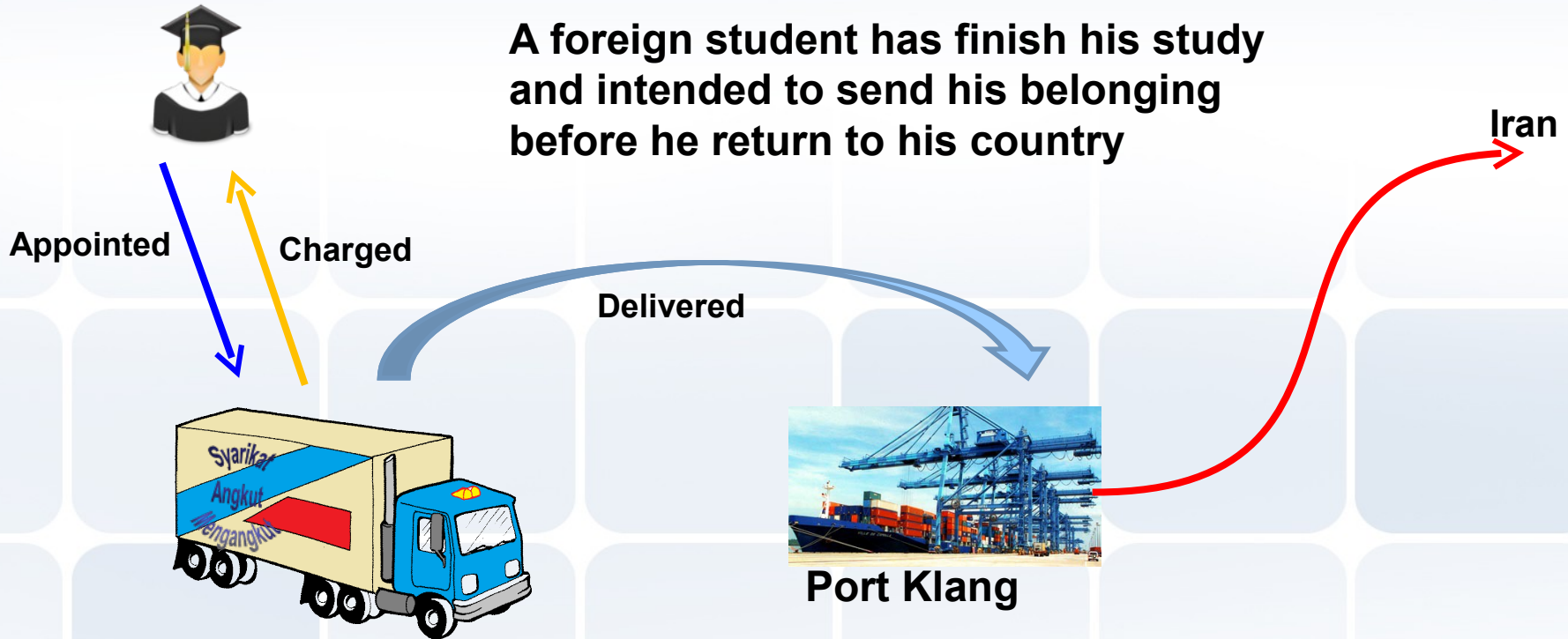
**“B” provides domestic transport services, therefore must charge GST at a standard rate.**

# Freight Transportation – Standard-Rated Supply



**B has to charge GST at a standard rate.**

# Freight Transportation – Standard-Rated Supply



**Services supply by Syarikat Angkut Mengangkut is a standard rated supply.**

# Freight Transportation- Zero – Rated Supply

1. International freight Transport
2. Local freight transportation if it form part of international transportation and supplied by **same supplier**

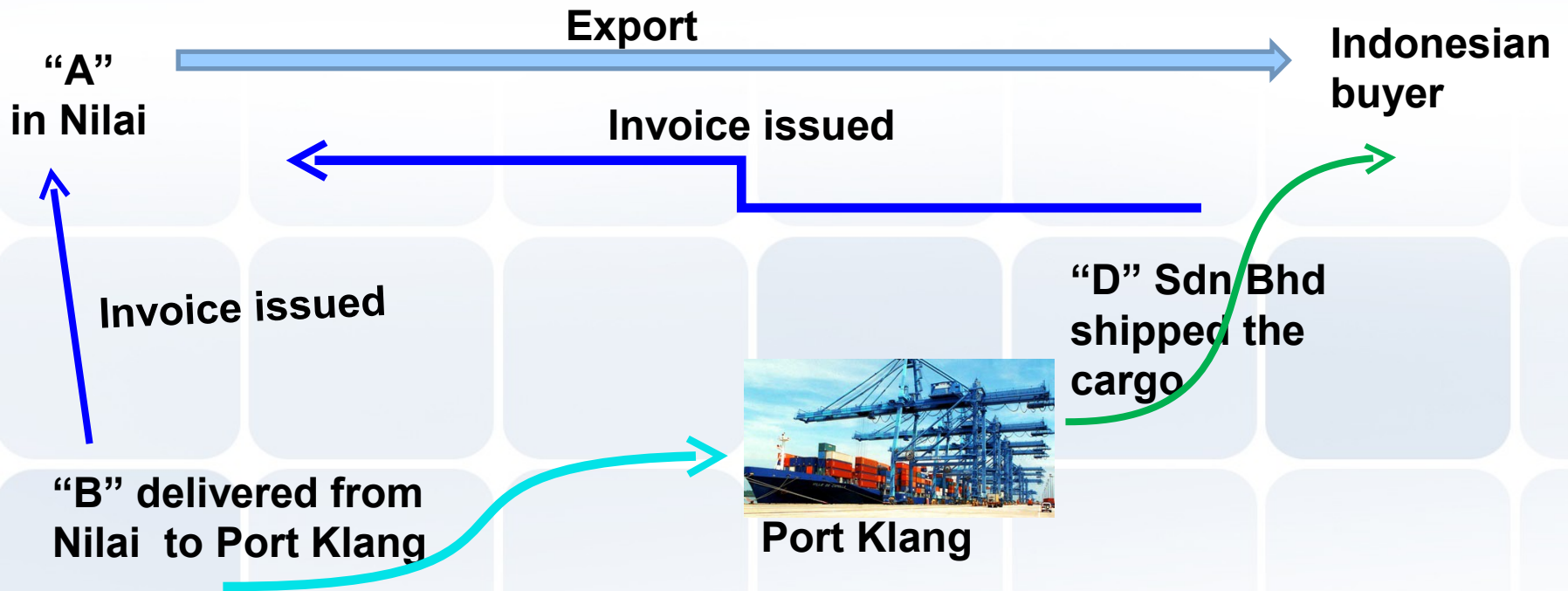


# International Transport

**The transport of goods —**

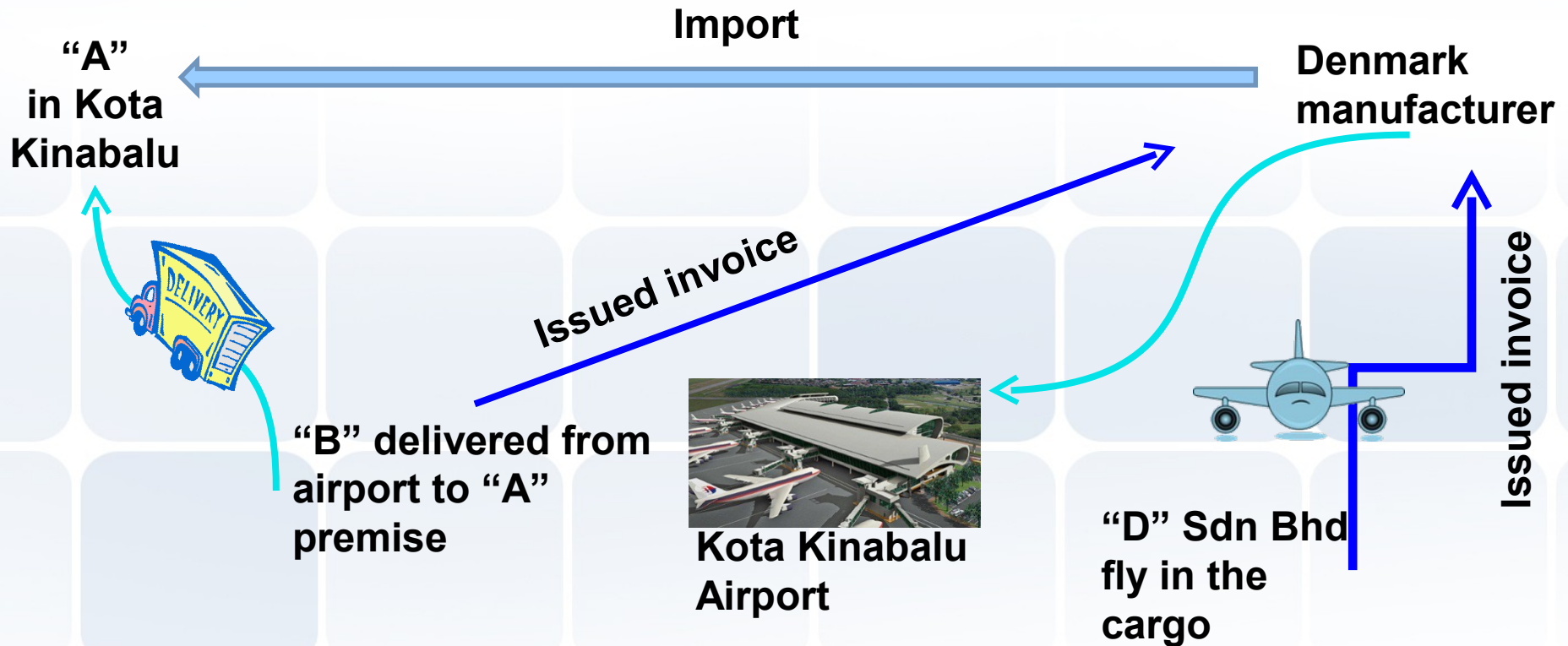
- (a) from a place outside Malaysia to another place outside Malaysia;**
- (b) from a place in Malaysia to a place outside Malaysia; or**
- (c) from a place outside Malaysia to a place in Malaysia.**

# Freight Transportation – Standard Rated



**"D" provides international transport services.**

# Freight Transportation – Zero-Rated Supply

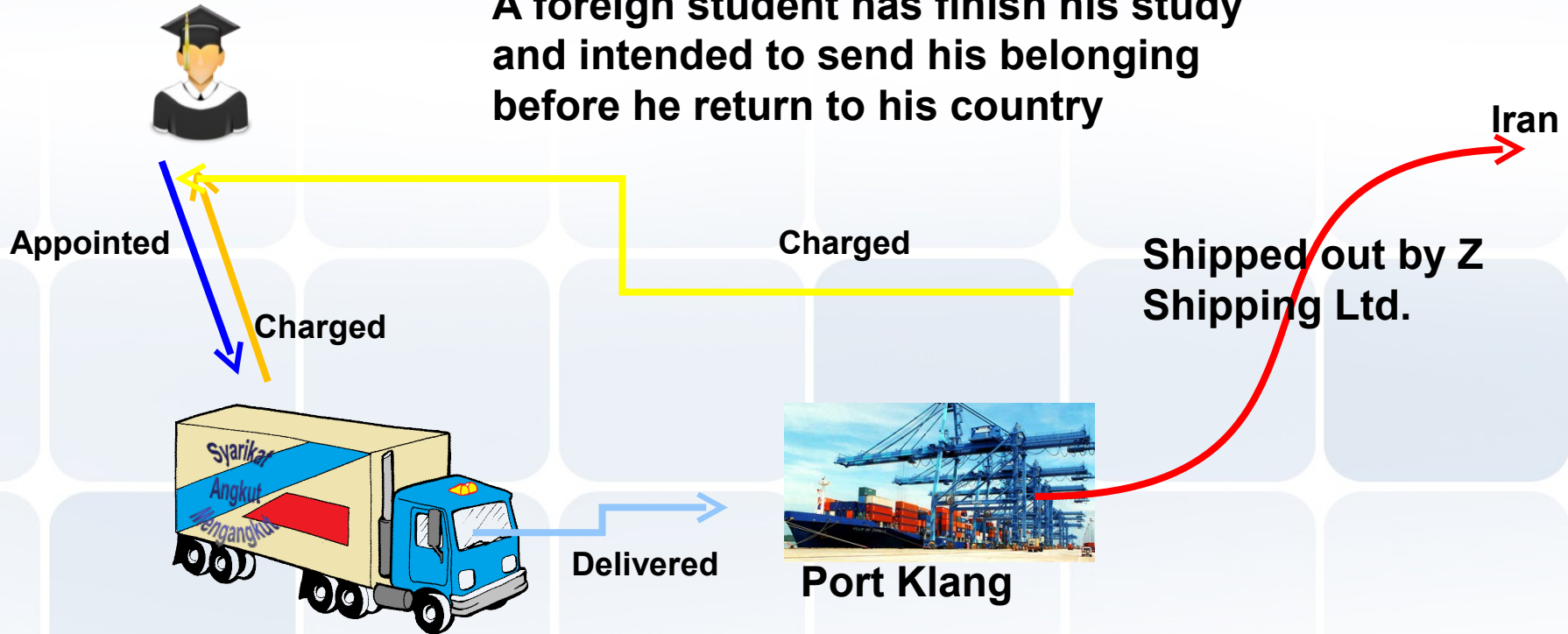


**Services supply by D is a zero rated supply.**

# Freight Transportation – Zero-Rated Supply



A foreign student has finish his study and intended to send his belonging before he return to his country

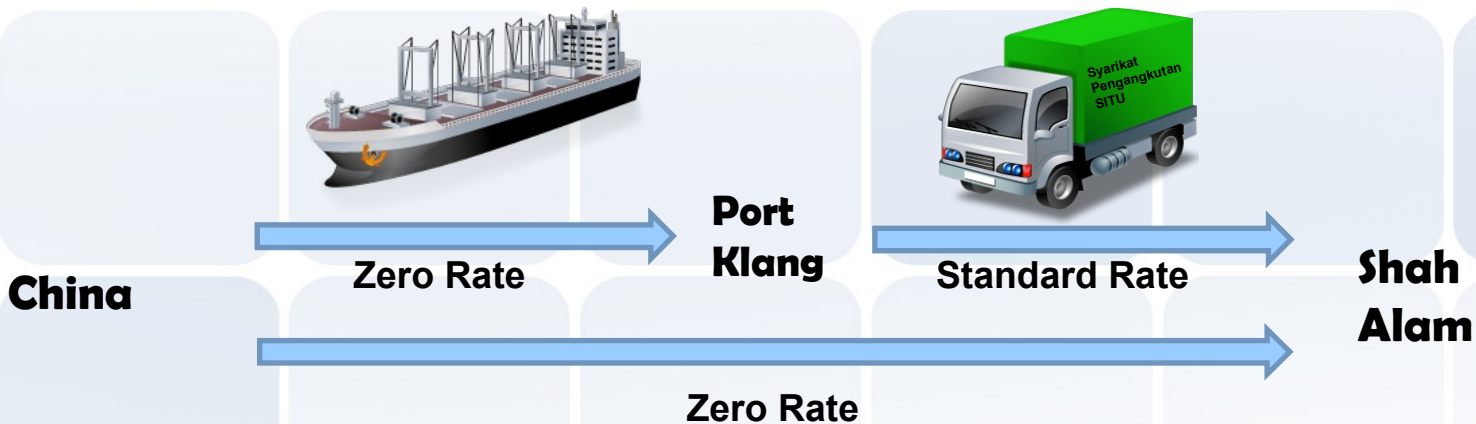


**NO GST for services supply by Z Shipping Ltd.**

# Freight Transportation – Zero-Rated Supply

## Local leg which is part of international leg

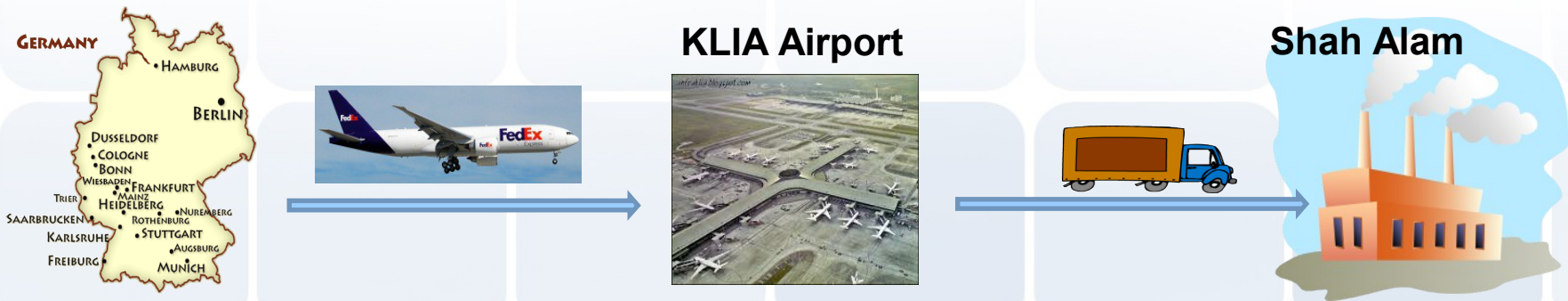
- Same supplier
- Supplier contracted to supply the transport services



# Freight Transportation – Zero-Rated Supply

## Scenario 1:

**JKL Manufacturer buy raw material for his business from overseas under ex-work term sale and appointed a Malaysian freight forwarder to transport the cargo up to its factory.**

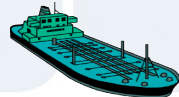


- ✓ The freight forwarder can zero rate the whole transport charges
- ✓ The lorry transport provider will charge GST at standard rate to the freight forwarder.

# Freight Transportation – Zero-Rated Supply

## Scenario 2:

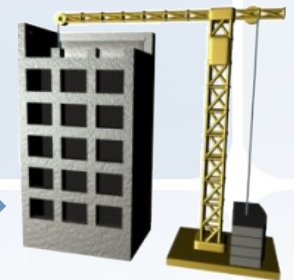
A consignment of building materials from China is shipped to Port Klang. The consignee arranges its own transport to deliver the goods from Port Klang to the construction site in Shah Alam. The supply of the domestic leg of transport service is standard rated.



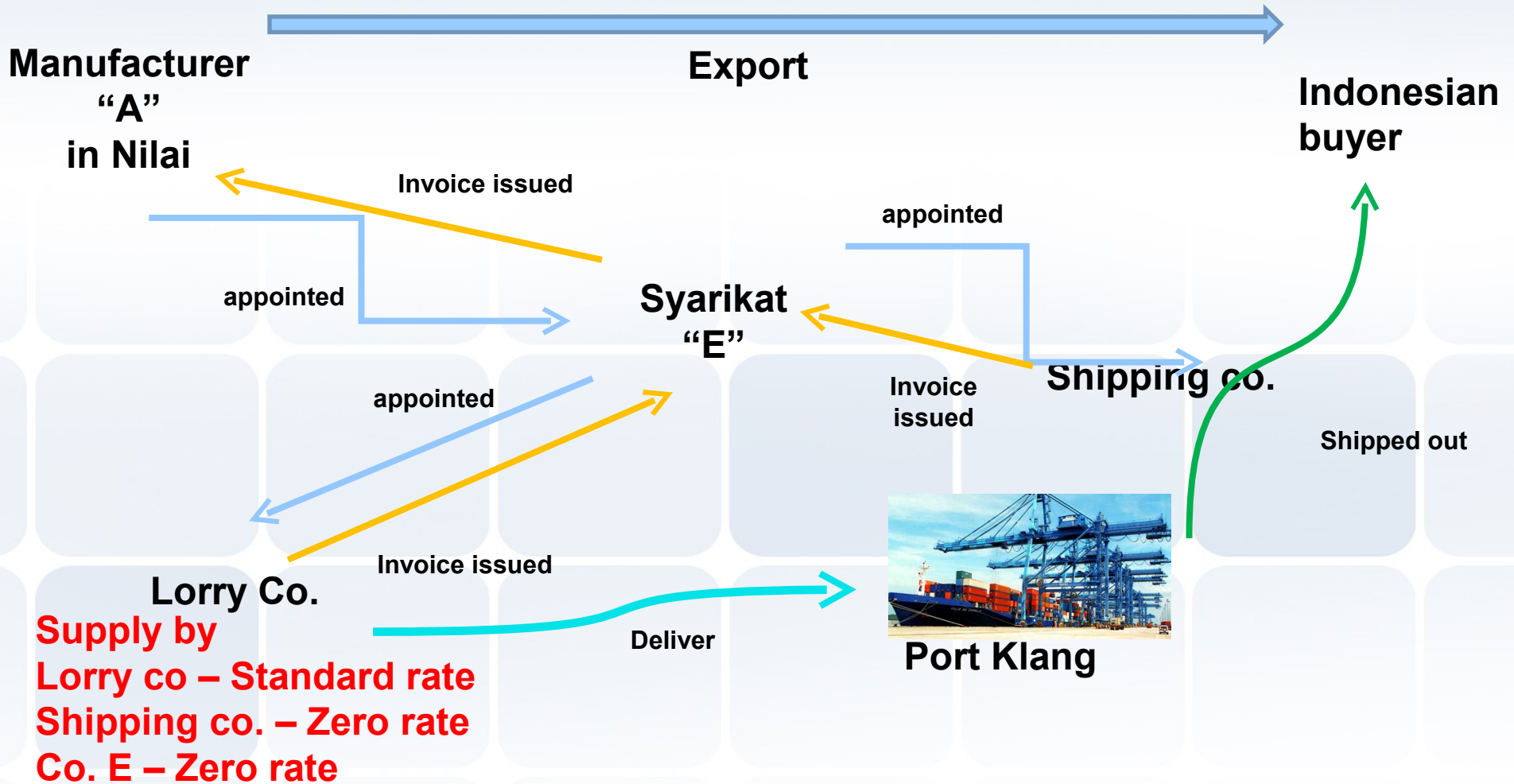
 **WESTPORTS**



**Standard Rated  
supply**



# Freight Transportation – Zero-Rated Supply





# Exercise

1. Syarikat Perkapalan DEF annual turnover for transportation services are as follow:
  - a) Port Klang – Kuching – RM230,000
  - b) Melaka – Indonesia – RM200,000
  - c) Jebel Ali (UAE) – Shuwaik (Kuwait) – RM300,000

Do Syarikat Perkapalan DEF liable to be register?

2. A lorry company transported foods for flood victim . What is the GST treatment for that services?

# SHIPPING INDUSTRY

## Definition of ship

- **Merchant Shipping Ordinance 1952 - every description of vessel used in navigation not propelled by oars**
- **Any vessel owned or operated by the Government of foreign state**

**For GST zero rated purpose:**

- ❖ **Ship excludes vessel designed or adapted**
  - **for recreation**
  - **for pleasure**
  - **for other than freight or passenger transportation.**

# Definition of ship

includes	Excludes
<ul style="list-style-type: none"> <li>• Barge</li> <li>• Ferries including crews boats</li> <li>• RORO vessel</li> <li>• Tanker</li> <li>• Liner including passenger liner</li> <li>• Conventional cargo vessel</li> <li>• Trawler</li> <li>• Tugboat</li> <li>• Submarine</li> </ul>	<ul style="list-style-type: none"> <li>• Off-shore O&amp;G installation that are floating structure eg. FPSO (floating production, storage and offloading)</li> <li>• Vessel that permanently moored as attraction eg. Floating museum</li> <li>• Vessels designed for recreation &amp; pleasure eg. Powerboats, yacht</li> <li>• Boats or barges propelled by oars, lifeboats, traditional boats</li> <li>• Tin mine dredgers</li> <li>• Malaysian government vessel</li> </ul>

# GST Treatment in Shipping Industry

## Qualifying ship for Zero Rated services

- Any Malaysian ship register under part II<sub>A</sub>, MSO 1952 and used for international shipping
- Any foreign ship used for international shipping
- Any ship owned or operated by the government of foreign state on international travel

## Non Qualifying ship for Zero Rated services

- Any Malaysian ship register under part II<sub>A</sub>, MSO 1952 and used for domestic shipping
- Any boat licensed under section 474 MSO 1952
- Malaysian government vessel

# GST Treatment in Shipping Industry

## Port

- **Types of ports**
  - **Federal ports – established as Federal statutory bodies (6 ports)**
  - **State ports – established under state statutory bodies (12 ports)**
  - **Minor ports**
    - **Marine department (33 locations)**
    - **Fishing ports – LKIM (26 locations)**
    - **Private ports / jetties (19 locations)**

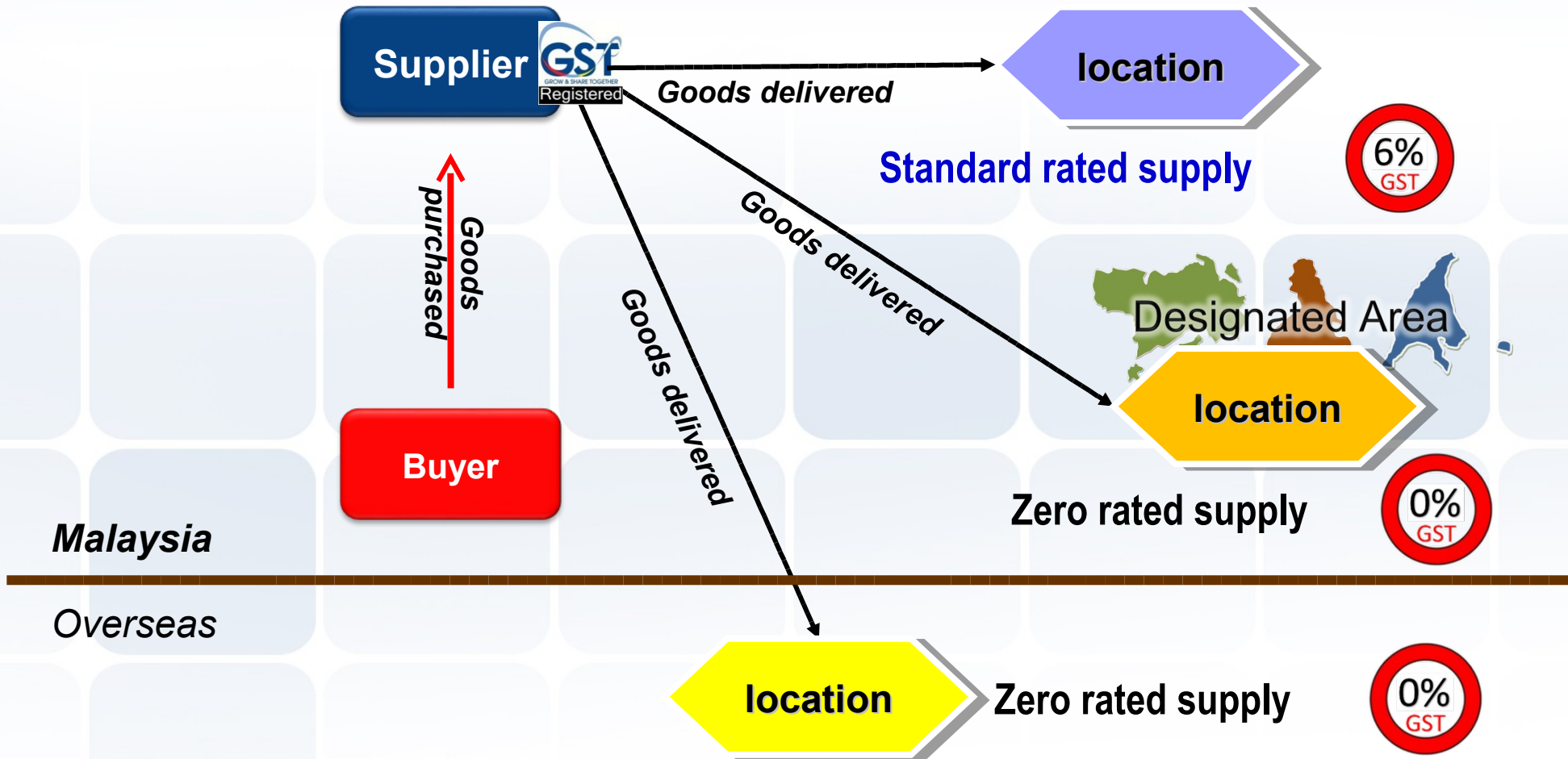
# Port

- **For GST purpose – Designated ports**

Federal Ports	State Ports
<ul style="list-style-type: none"><li>1. Penang Port</li><li>2. Port Klang<ul style="list-style-type: none"><li>➤ North Port &amp; South Port</li><li>➤ West Port</li></ul></li><li>3. Johor Port<ul style="list-style-type: none"><li>➤ Pasir Gudang</li><li>➤ Tanjung Pelepas Port</li></ul></li><li>4. Kemaman Port</li><li>5. Kuantan Port</li><li>6. Bintulu Port</li></ul>	<ul style="list-style-type: none"><li>1. Miri Port</li><li>2. Kuching Port</li><li>3. Rajang Port</li><li>4. Kota Kinabalu</li><li>5. Tawau Port</li><li>6. Lahad Datu Port</li><li>7. Sandakan Port</li></ul>

# GST Treatment on Supplies of Goods

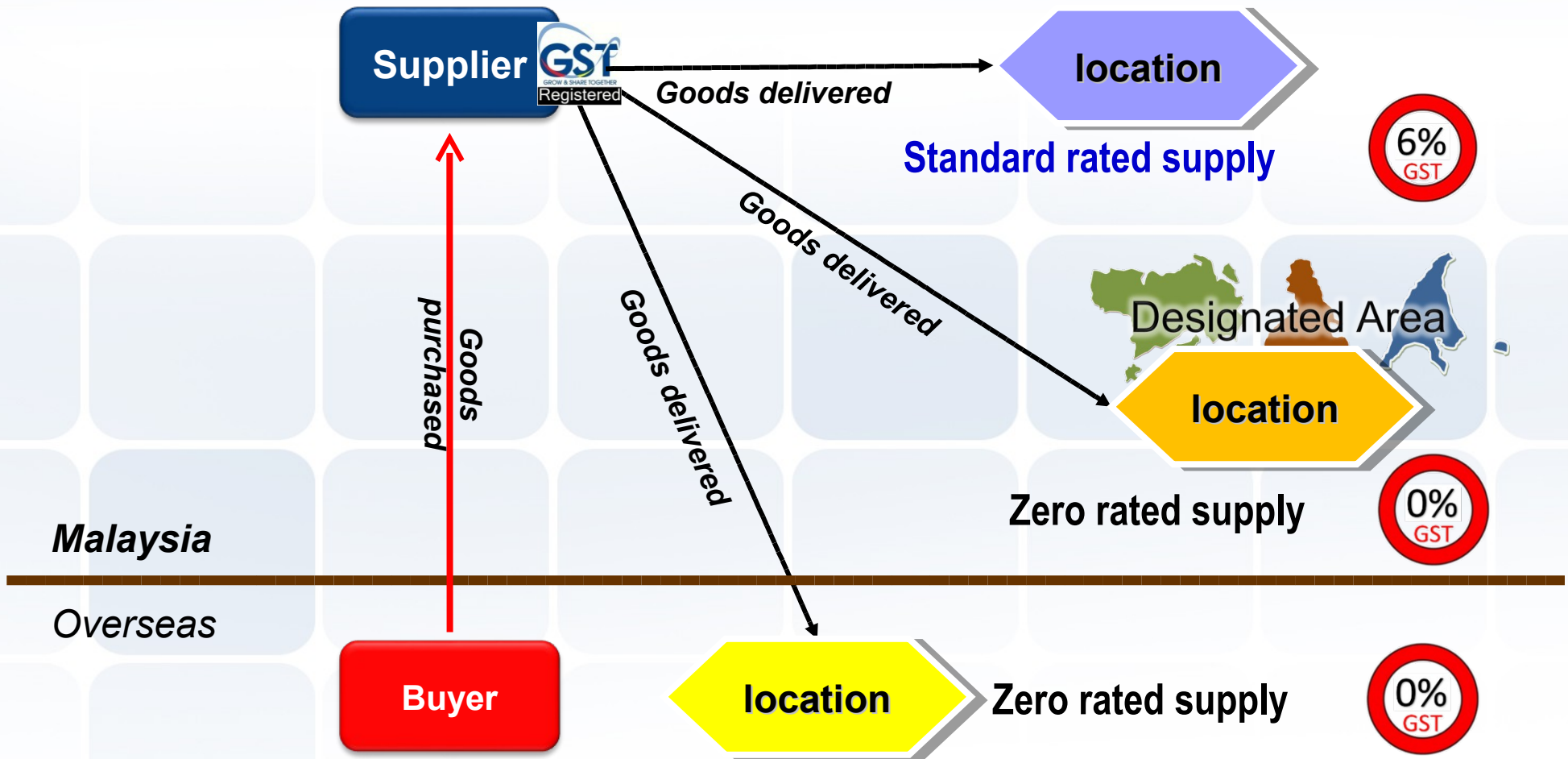
Supply of ship, vessel and floating structure of any description





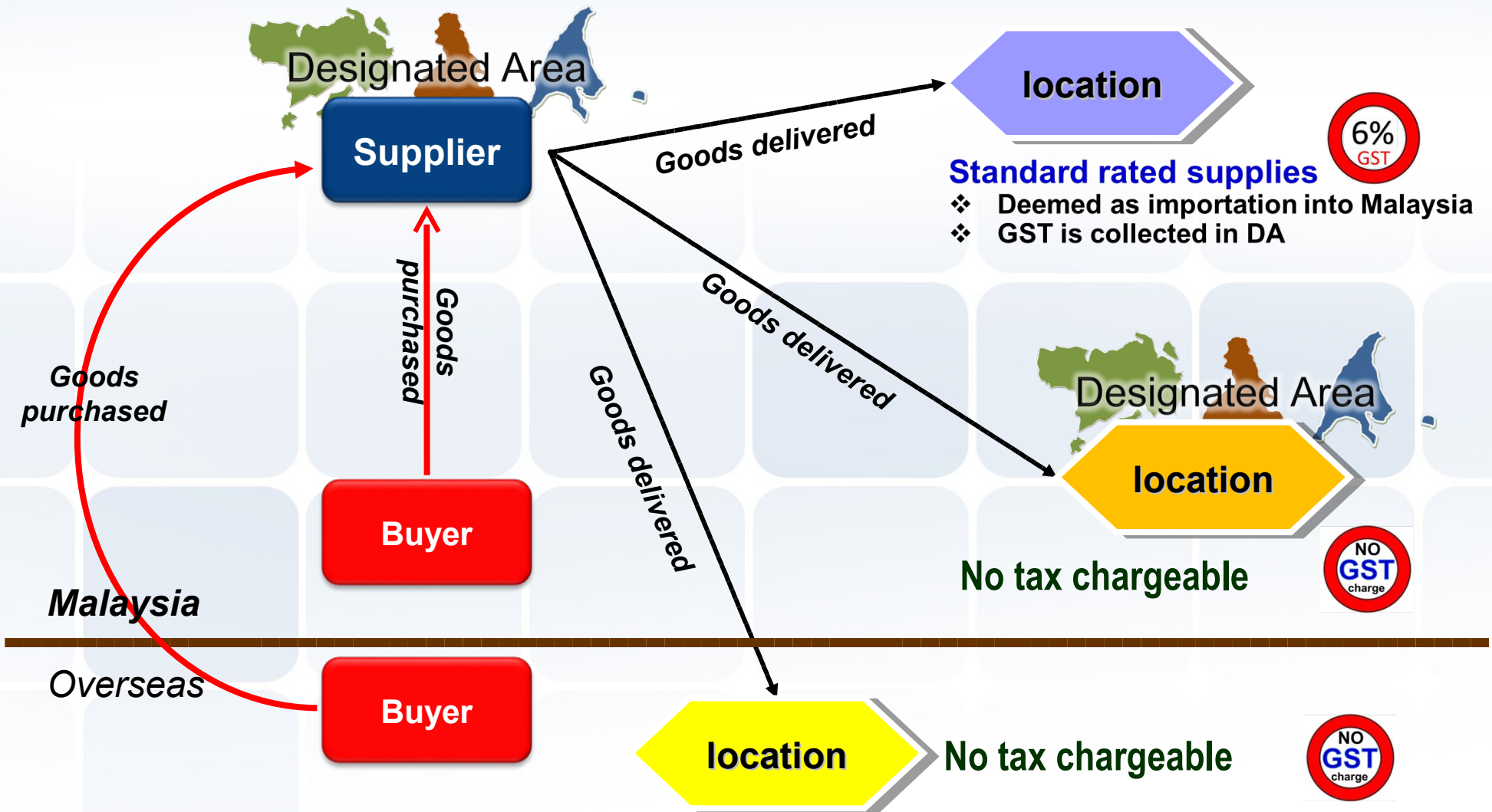
# GST Treatment on Supplies of Goods

Supply of ship, vessel and floating structure of any description



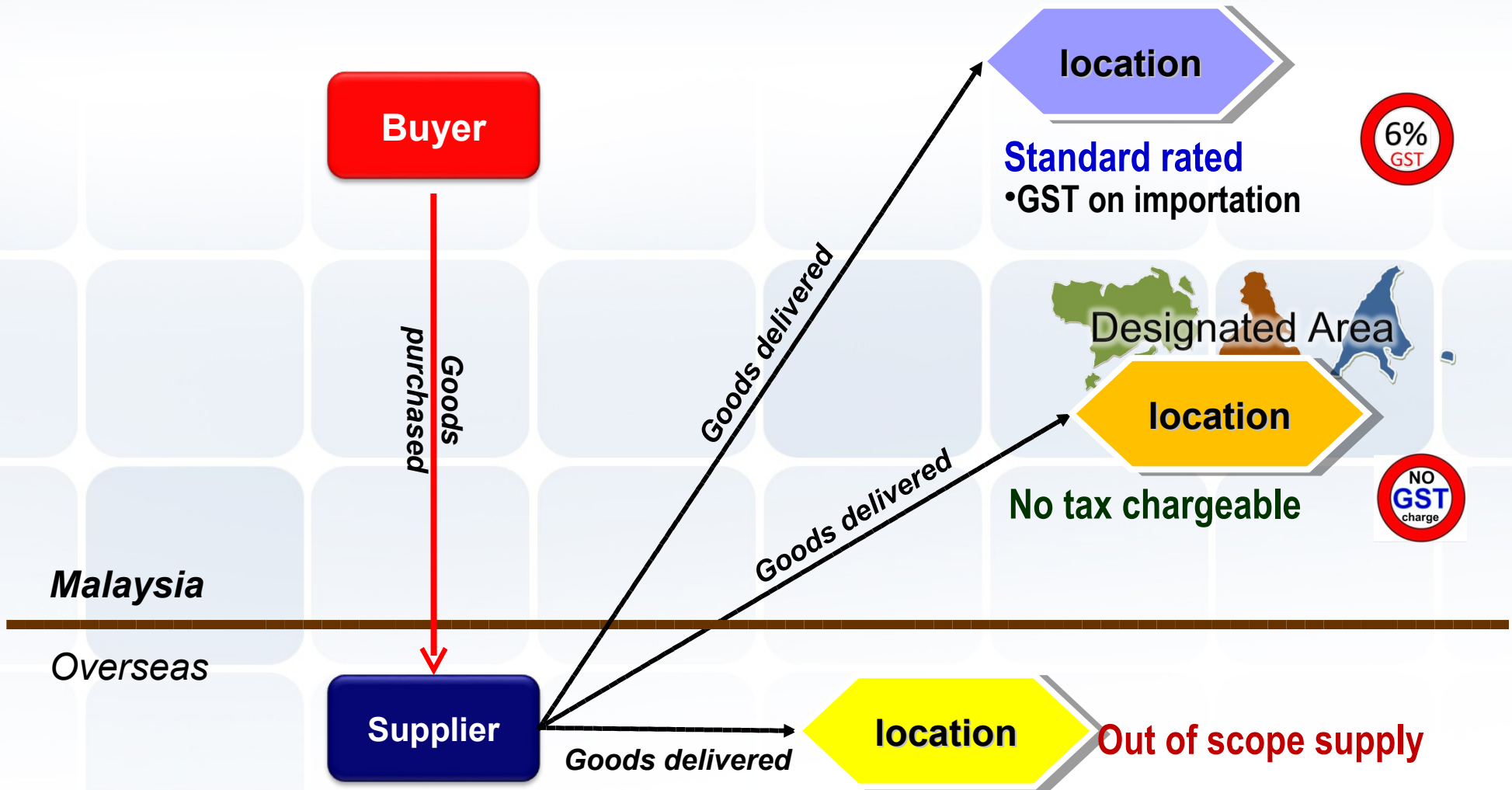
# GST Treatment on Supplies of Goods

Supply of ship, vessel and floating structure of any description



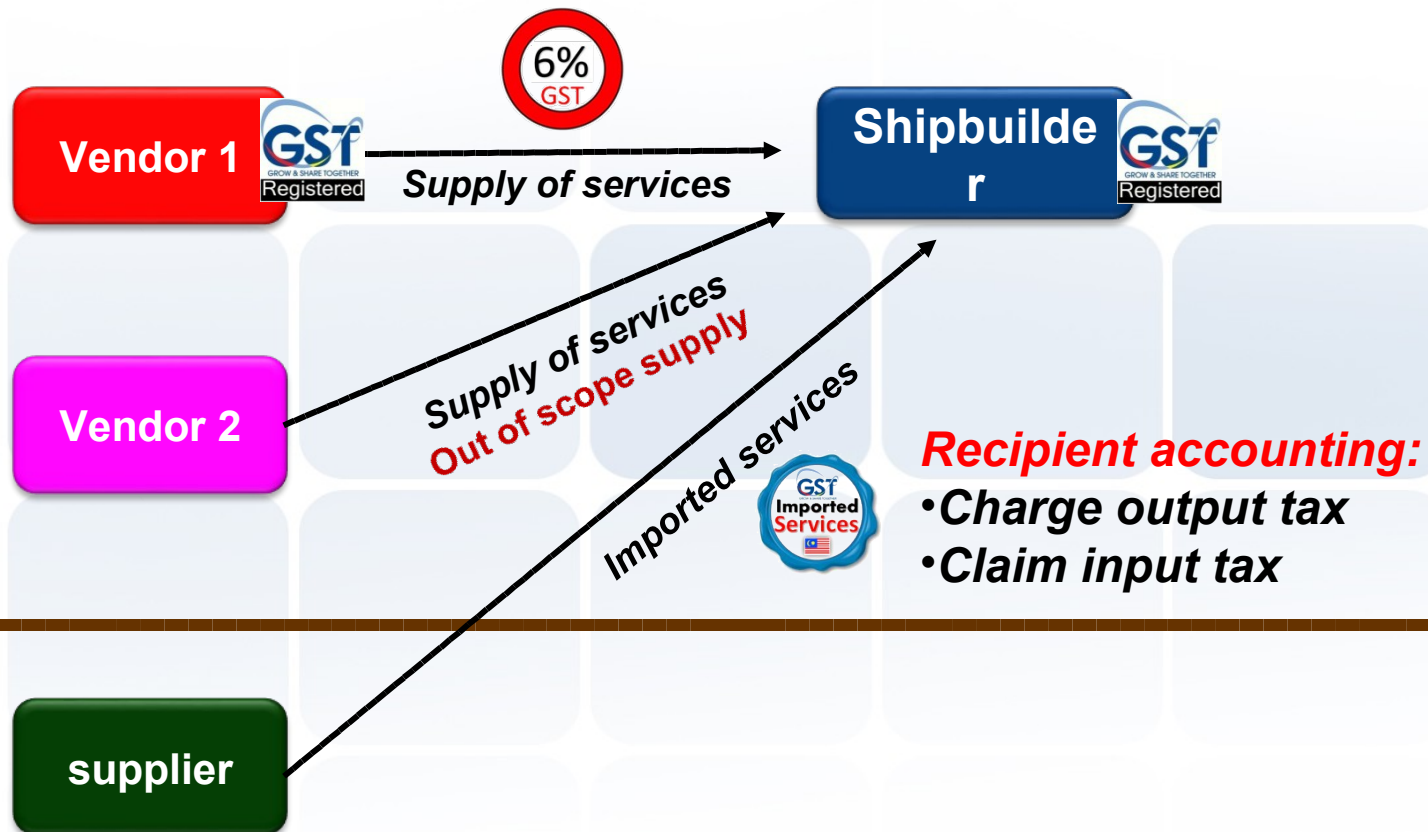
# GST Treatment on Supplies of Goods

Supply of ship, vessel and floating structure of any description



# GST Treatment on Supplies of Services

## Supply of services to shipbuilding activities



Malaysia

Overseas

## Lease of ship - Bareboat charter

- Lease of a ship to be used in Malaysia – standard rate
- Lease of a ship to be used wholly outside Malaysia – zero rated
- Lease of ship from supplier in overseas / DA
  - ✓ Tax charge on importation of ship
  - ✓ No Tax on leasing agreement of ship

# CHARTER OF A SHIP

- **Senario :**
- **ABC Sdn. Bhd. chartered a ship for 5 year to be used in Indonesia Malaysia. However in year 3, ABC Sdn. Bhd. get a contract to supply transportation services between Port Klang and Kuching Port. ABC Sdn. Bhd does not qualify to get zero rate for the charter of the ship when its starts it services in Malaysia.**

# Ship stores and bunker oil

**Ship stores includes fuel and lubricant but exclude goods brought on board by the crew or passengers as their personal belongings or for private use**

**➤ Supply of stores for qualifying ship which is to be used for international journey is zero rate and must supply directly onto the ship**

# Ship stores and bunker oil

## Includes :

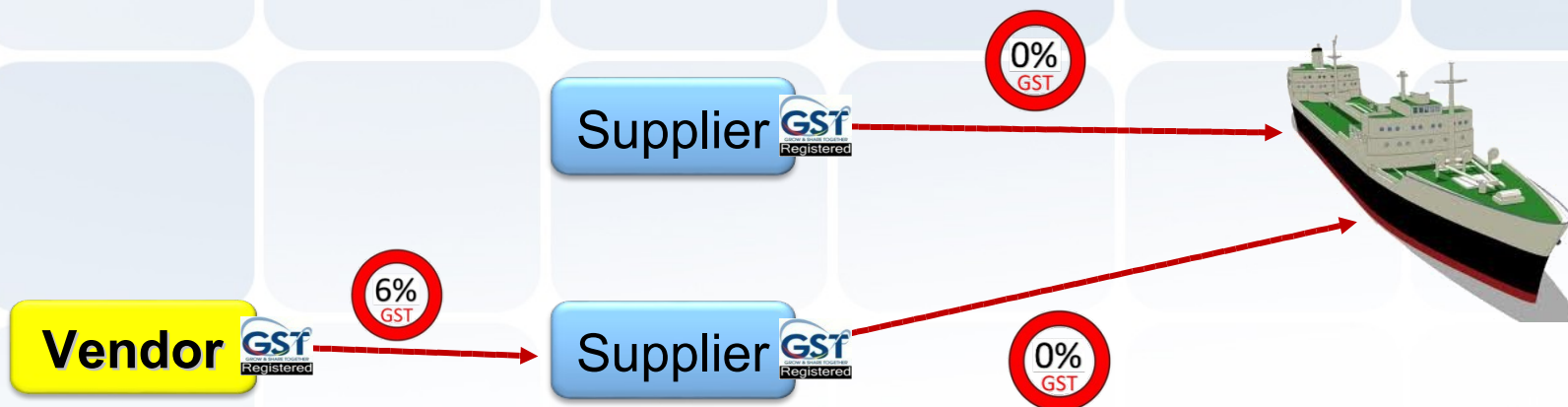
- **Foods, beverages, water, toiletries, souvenirs, tobacco products**
- **Fuel and lubricants**



# GST Treatment on Supplies of Goods

**Supply of goods for used as ship stores, spares & supply of bunker oil on a voyage to or from a place outside Malaysia**

- **General rule: Standard rated**
- **Qualifying ship: Zero rated**
  - **Conditions – supply directly onto the ship**



## Handling services

▪ Handling services given to the ship in the port which directly benefit a person in his business capacity

- Port & harbor dues
- Dock & berth charges
- Conservancy charges
- Dock charges
- Mooring charges
- Demurrage
- Security & fire services
- Supply of crew members and the day to day mgt. of ship

▪ Services by port operator or 3<sup>rd</sup> party

▪ General rule: Standard rated supply

**Handling services is zero rated for qualifying ship**



- **Scenarios:**
- **A ship anchored at Lumut Port and were charge wharfage charges by the port operator. The services is a zero rated supply.**
- **A fisherman stop at LKIM jetty to unload fish, and were charge mooring charge. The supply is subject to GST at a zero rate.**

## Salvage services

- ❑ The service of rescuing a ship, its cargo
  - General rule: Zero Rate



## Navigation services

❑ The service of navigating the ship in designated port which directly benefit a person in his business capacity

- Pilotage
- Tugboat
- Towage



**Navigation services is zero rated for qualifying ship**

## Senario 1:

▪ A yacht arrived at Port Klang Marina, and requested a tugboat operator to assist it for berthing. The service provide by the tugboat operator is a standard rated supply.

➤ **Yacht – is not a qualifying ship**



## Senario 2:

- **MV Logos Hope arrived in Kuching Port. Upon arrival, the port provide pilotage services.**
- **The supply of pilotage services can be zero rated because MV Logos Hope is doing business**



# GST Treatment on Supplies of Services

## Repair, maintenance services

- Repair, maintenance and installation services including parts incorporated
  - Including testing of parts, cleaning & fumigation services
- **Zero rated supply** - to a qualifying ship
- **Conditions**
  - the repair or maintenance is carried out on board the ship
  - any part or component of the ship is removed for repair and reinstalled on the ship
  - any part or component of the ship is removed for repair and returned to the ship as a spare; or
  - any part or component of the ship is removed and replaced by an identical part or component.



# GST Treatment on Supplies of Services

## Repair, maintenance services

▪ Repair, maintenance and installation services to non qualifying ship

- Standard rated

▪ Repair, maintenance and installation services on offshore floating structure

- Standard rated if floating structure in Malaysia
- Zero rated if floating structure outside Malaysia

▪ Sub-contractor to charge GST to Main Contractor



## Scenario 1 :

- **ABC Shipping Sdn. Bhd. sends its cargo vessel to be repaired in a Singapore shipyard. The supply of repair services is out of scope.**

## Scenario 2

- **Persatuan Bot Naga Sabah sent its boat for repair in Sibu. The Supply is a standard rate supply.**

## Scenario 3

- **Mr K sent his yacht for repair in Labuan. The supply is a disregarded supply.**

## Parts Replaced – Zero rated

- anchors
- industrial catering equipment
- industrial laundering equipment
- cranes
- fishing nets and equipment
- lifeboats and life rafts
- propellers and rudders
- radar and navigation equipment
- safety equipment (eg. life jackets)
- nuts, bolts, hoses, oil seals and rivets
- communication equipment used for the operation of the ship
- sanitary fixtures

## Modification & conversion services

- The act of changing or altering the structural design and size of ship
- Not considered as repair or maintenance services
- Supply of services
  - Standard rated

# GST Treatment on Supplies of Services

## Survey & classification services

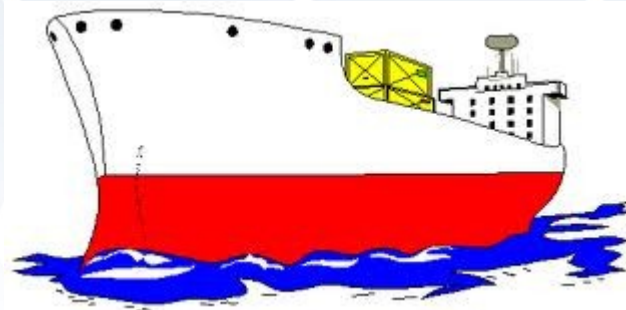
- Services provides to ensure the ship is according the requirement by the authorities
  - General rule: Standard rated
  - Qualifying ship: Zero rated

## Certification services

- of the equipment materials and components in the ship
  - General rule: Standard rated
  - Qualifying ship: Zero rated

## Intermediary services

- Intermediary includes agent, broker and management company
  - General rule: Standard rated
  - Qualifying ship: Zero rated



## Intermediary services

- liaisons with parties involved in the import/export of cargo, and other ancillary activities to ensure the smooth movement of cargo;
- supervision of the maintenance, survey and repair of ship;
- engagement and replacement of crew;
- receiving on behalf of ship owner all hire and freight monies;
- arranging for loading and discharging of cargo;
- providing for victualling (supply of food) and ship stores;
- negotiating bunker fuel and lubricants contract;
- payment on behalf of ship owner of all expenses incurred in the provision of services or in relation to the efficient management of ship;
- dealing with insurance average, salvage and other claims;
- arranging of insurance in connection with a ship;
- the arrangement and supervision of dry-docking and repair of vessel;
- arrangement of salvage and towage of vessel;
- arrangement and supervision of the operations of vessel;
- arrangement for the employment of vessel; or

# SERVICES

The lease of sea containers – zero rated

•Subject to conditions:

1.Used for transportation of goods

2.Sea containers conform to the standards defined by the International Organisation for Standardization, the Institution of International Container Lessors or any other equivalent organization



# ANCILLARY TRANSPORT SERVICES

- **Ancillary transport services are services that are necessary to support transport services includes loading, unloading and handling/clearance**
- **General Rules:**
  - **Ancillary transport services - standard rate**
- **Exception:**
  - **Ancillary transport services is zero rate to:**
    - i. **any goods in designated port/airport operator**
    - ii. **Imported and exported goods by the same supplier for the international transport services**

# ANCILLARY TRANSPORT SERVICES

## Scenario:

- DEF Co. imported a large project cargo from Germany via Port Klang and later transport it to Shah Alam by lorry. DEF Co. appointed MNO freight forwarder to perform a door to door services. MNO freight forwarder has to rent a crane to unload the cargo and also hire an escort car to Shah Alam.

- All the services supply by MNO freight forwarder is zero rate.



# STORAGE SERVICES

- **General Rules:**

- **Storage services - standard rate**

- **Exception:**

- **Storage services is zero rate to any goods which is carried or to be carried in a ship in designated port/airport area .**

# STORAGE SERVICES

- **Scenario:**
- **A cargo was unloaded in Port Klang and store in port operator warehouse for a couple of days. Than it was transferred to forwarder warehouse outside the port area (using K8) before it was cleared from customs control.**
- **Storage services in Port area – zero rate**
- **Storage services outside port area – standard rate**

# STORAGE SERVICES

## Designated Port area



**Zero rate:**  
i. Cargo handling services including loading, unloading and clearance  
ii. Storage services



**Transport of goods to a warehouse outside port area using K8.**



**FF Warehouse Storage service is standard rated.**

# Other Services in Port

- **Standard Rated Supply**
- **Example:**
  - **Rental of space**
  - **Advertising**
  - **Security Services**
  - **Retail sales**
  - **Restaurant**
  - **Etc.**

# **OTHER RELATED ISSUES**

# Designated Area (DA)

## *Provisions:*

- PART XIV of the GST Act (sections 154-160)
- Refers to **Labuan, Langkawi and Tioman**
- For the purpose of this Part, 'Malaysia' **excludes** the designated areas.



# GST treatment in DA

## Rules for supply of goods

### Goods supplied in Designated Areas (DA)

- No GST charged on:-
  - Goods supplied within or between DA
  - Importation of goods into DA
- GST is charged on:-
  - All goods including any goods under any lease agreement supplied from DA to Malaysia as if the supply is imported into Malaysia

# GST treatment in DA

## Rules for supply of goods (cont')

- GST is charged on:-
  - ✓ The supply of petrol, diesels and liquefied petroleum gas within or between the DA or the importation of such goods into DA;
  - ✓ On the importation of cement, marble or rubber into Langkawi; and
  - ✓ On the supply of motor vehicle to or within, or the importation of motor vehicles into Tioman.

# GST treatment in DA

## Rules for supply of services

### Services supplied in DA

- No GST charged on:-
  - Services supplied within or between DA
  - Imported services into DA
- GST is charged on:-
  - Services supplied into or from DA, from or to Malaysia but exclude supply of services comprises the use of goods under any lease agreement from DA to Malaysia

## Rules for supply of services (cont')

- GST is charged on:-
  - ✓ On freight services supplied between DA;
  - ✓ On telecommunication services supplied within or between DA;

# GST treatment in DA

## Designated Area: supply of goods

Supplier belongs	destination	GST treatment
Malaysia*	DA	ZR Except as listed in Order.
DA	DA	No tax chargeable Except as listed in Order.
DA	Malaysia	SR Deemed Importation Except as listed in Order.
DA	World	ZR
World	DA	No tax on importation. Except as listed in Order.

\* Other than DA

# GST treatment in DA

## Designated Area: supply of services

Supplier belongs	Type of Services	GST treatment
Malaysia*	Services from Malaysia* to DA	SR
Malaysia* / DA	Services from DA to Malaysia*	SR
DA	Services in or within DA	No tax chargeable. Except freight & telecommunication services within DA
Outside Malaysia	Imported services	No tax chargeable. Except as listed in Order

\* Other than DA

# Free Commercial Zone (FCZ)

## *Provisions:*

- PART XV of the GST Act (sections 161-165)
- “commercial activity” has the meaning assigned to it in section 2 of the Free Zones Act 1990 [Act 438];
- “free commercial zone” has the meaning assigned to it under subsection 3(1) of The Free Zones Act 1990
- “Malaysia” excludes free commercial zone

# GST treatment - FCZ

- **Currently, Free Commercial Zone is a place which is deemed to be place outside Malaysia**
- **For GST treatment, FCZ will be classified as:**
  - ✓ **FCZ at ports and airports**
  - ✓ **FCZ outside ports and airports**
- **Trading activities are allowed in the FCZ outside ports and airports**
- **The GST treatments for FCZ will be provided in the GST legislation**



# GST treatment - FCZ

## Concept of FCZ under GST

- **Operators in FCZ are allowed to register under GST**
- **Records are not required to be submitted monthly but must be made available as and when required by Customs**
- **Auditing by Customs will be done at random based on a risk management system**

# GST Treatment on FCZ

**Special tax treatment in a Free Commercial Zone (FCZ).  
The following are the GST treatment in a FCZ:**

- (a) goods for commercial activities and trading activities imported into FCZ is not subject to GST.**
- (b) goods used or consumed in FCZ other than goods for the purpose of commercial and retail trade activities will be subject to GST.**
- (c) all goods supplied or removed from FCZ to principal customs area (PCA) shall be treated as if they were importation into Malaysia.**
- (d) GST on any movement of goods supplied or removed from FCZ to a licensed warehouse or *vice versa* will be suspended.**
- (e) no GST shall be charged on any supply of goods in relation to retail trade activities made within FCZ unless the Minister prescribed such supply to be chargeable to GST.**

# GST Treatment on FCZ

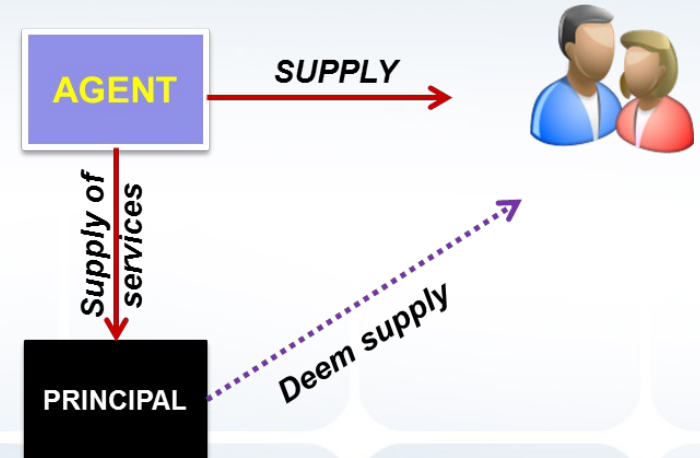
## Free Commercial Zone (FCZ)

Supply	GST Treatment
World to FCZ: Goods	*Not Subject to GST
FCZ to PCA: Goods	Standard Rated (as if importation of goods)
PCA to FCZ: Goods Services	Standard Rated Standard Rated
FCZ to World: Goods	Zero Rated
Supply within FCZ (Outside Port/Airport) Goods Services	Not Subject to GST Standard Rated

# Supplying as agent

## Acting on behalf of principal

- Supply by agent to customer is deemed as supply by principal
- Agent is providing supply of services to principal



## Agent Acting on Behalf of Principal who is Taxable Person in Malaysia

- principal account output tax or claim input tax
- agent supply agency services only (commission)

# GST treatment on supply by agent

## Acting on his own name

- A supply to the agent and as a supply by the agent.
- Normal supply by agent to customer



## Agent Acting in his Own Name

- supply is treated as normal supply by agent
- agent account output tax or claim input tax

# GST treatment on supply by agent

## Importing goods on behalf of non taxable person

- **Agent is GST registered person – Claim GST -> charge GST to customer (Local supply)**
- **Agent Not GST registered – Cannot claim GST -> cannot charge GST on subsequent local supply**

# Thank You

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