



ROYAL MALAYSIAN CUSTOMS

GOODS AND SERVICES TAX

GUIDE ON VALUERS, APPRAISERS AND ESTATE AGENTS

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INTRODUCTION

1. This industry guide is prepared to assist businesses in understanding matters with regards to GST treatment on Valuers, Appraisers and Estate Agents. This Guide covers all valuers, appraisers and estate agents including self-employed individuals, partners, companies and anyone carrying on a business which includes valuers, appraisers and estate agents operations.

Overview of Goods and Services Tax (GST)

2. Goods and Services Tax (GST) is a multi-stage tax on domestic consumption. GST is charged on all taxable supplies of goods and services in Malaysia except those specifically exempted. GST is also charged on importation of goods and services into Malaysia.

3. Payment of tax is made in stages by the intermediaries in the production and distribution process. Although the tax would be paid throughout the production and distribution chain, only the value added at each stage is taxed thus avoiding double taxation.

4. In Malaysia, a person who is registered under the Goods and Services Tax Act 2014 is known as a “registered person”. A registered person is required to charge GST (output tax) on his taxable supply of goods and services made to his customers. He is allowed to claim back any GST incurred on his purchases (input tax) which are inputs to his business. Therefore, the tax itself is not a cost to the intermediaries and does not appear as an expense item in their financial statements.

GST AND VALUERS, APPRAISERS AND ESTATE AGENTS

5. The valuers and appraisers in Malaysia are regulated under Part V of Valuers, Appraisers and Estate Agents Act 1981. Both valuers and appraisers are expert surveyors who instruct clients on valuation of properties including houses, factories and shops. The valuers and appraisers will evaluate properties on site and measure land dimensions. They may be assisted with a team of survey or legal representatives in cases where a valuation is complex. In arranging the sale of a



commercial property, the valuers and appraisers may also need to assess the business potential of specific vicinities. Hence, they may assess the value of clients' assets and produce detailed reports outlining their findings. When a client is satisfied with the valuation, the sale of a property at auction will be scheduled.

6. They also advise individual clients and corporate firms on effective strategies for buying properties, such as executing feasibility studies and providing expert advice on property in determining the fixed value. Such valuers and appraisers will prepare a written report on value of the real property to the client and it will be used as a basis for mortgage loans. They also advise clients on likely loan repayments and likely returns for their investments based on the quality of the property and its location. They may also instruct clients on cost-effective methods to dispose of property that is derelict or in need of severe work.

7. Valuers or appraisers would impose certain fee for their services in performing their valuation work to their clients. The provision of such services in determining the value of fixed property, executing the feasibility studies or providing expert advice on property is a taxable supply regardless of whether such property is residential or non-residential. The GST registered valuers or appraisers have to charge GST on the fee or commission that they receive if the service rendered is in relation to a property located in Malaysia and if such service rendered is in relation to a property located outside Malaysia, the supply is zero-rated.

8. An Estate Agent means a person licensed under Part VA of the Valuers, Appraisers and Estate Agents Act 1981 and to whom an Authority of Practice has been issued by the Board of Valuers, Appraisers & Estate Agents under Section 16 of such Act. The estate agent provides services as he acts as a go-between for the owner and the buyer, assisting with their negotiations to reach an agreed sale price for the property and will continue to follow up with the owner until the property is legally transferred to the new owner. Such services are taxable supplies regardless whether the property are commercial or non-commercial. For such services the estate agent receives a payment (known as a commission) from the owner.

9. The estate agent may employ negotiators or probationary estate agents as their sales person in order to assist them in the day to day work. All negotiators or



probationary estate agents are required to work on a full time basis with a real estate firm. They are legitimate sales person employed by the licensed estate agent. In Malaysia, such brokering services on the property sale transaction may also be provided by the brokers. Unlike the estate agents and negotiators, the brokers are not registered under the Valuers, Appraisers & Estate Agents Act 1981. However, for the purposes of GST, regardless whether brokers are liable to be registered under Valuers, Appraiser and Estate Agents Act 1981 or not, such supply of brokering services is a taxable supply and brokers are required to be registered for GST under section 20 of GST Act if their annual taxable turnover exceeds RM500,000.00

10. Estate agents, negotiators and brokers would generally receive fee (commission) for their services in performing estate agency work (i.e. buying, selling or leasing of properties) from their clients who can be the buyers, sellers, landowners or tenants. The provision of such services in relation to estate agency work is a taxable supply regardless of whether the property is residential or non-residential.

11. Estate agents, negotiators or brokers have to charge GST on the fee that they receive if the service rendered is in relation to a property located in Malaysia and if such service rendered is in relation to a property located outside Malaysia, the supply is zero-rated.

Client's Account

12. Firms of the valuers, appraisers and estate agents are required to be registered under section 23 of the Valuers, Appraisers and Estate Agents 1981. Part V111 of the Valuers, Appraisers and Estate Agents Rules 1987 requires that the registered firm to open and keep the accounts of client's money in relation to its property management business. Client account means a current or deposit account in the name of the registered firm at a bank in the title of which account the word "client" appears, or a separate account opened in the name of a person designated in writing by a client over which the registered firm has the power of withdrawal on the signature of the sole proprietor or any partner, co-director or other authorized person connected with the registered firm. It is established by the Act in order to allow the registered valuers, appraisers or estate agents to hold a client's money. The Act defines client's money as money held or received by a registered firm on



account of a person for whom the registered firm is acting either as agent or in any other capacity including that of stakeholder but shall not include money to which the only person beneficially entitled is the registered firm itself or money held in an account by the registered firm jointly with a third party, not being a client, and over which the registered firm does not have the power of withdrawal on the signature of the sole proprietor or any partner, co-director or other authorized person connected with the registered firm

13. Registered valuers, appraisers or estate agents may have one single account to hold all the clients' money or several, according to each particular need. However, all such accounts must be maintained separately from the firm's personal fund and other operating business account (firm account). All payments, retainer and other monies should be deposited into the client account for the full and accurate accounts and such client money should be kept separate, possibly in a separate bank account. However, client account shall not include any fund belonging exclusively to the firm.

14. Generally, the money paid by client will be stored in an account specifically maintained for client distinct from that of the firm. Another category of money paid by the client is that of which will be disbursed in the course of handling a transaction, for example in disbursing the fee to conduct title search etc.

15. Any expenses used for the firm's purpose must be from the firm's account which is also known as the office account. Withdrawal from client's account is prohibited unless as it is permitted as according to Rule 53 of the Valuers, Appraisers and Estate Agents Rules 1986.

Fees and Charges

16. Section 66 of the Valuers, Appraisers and Estate Agents Act 1981 provides that with the consent by the Board of Valuers, Appraisers and Estate Agents established under section 9 of the Act, such registered Valuers, Appraisers and Estate Agents may accept in respect of his professional work any fee not more than prescribed under the Seventh Schedule of the Act. In relation to that, Rule 48 of the Valuers, Appraisers and Estate Agents Rules 1986 provides that the scale of fees to be charged shall **be in accordance** to the Seventh Schedule and shall deemed to



be the total amount undertaken under one specified instruction. However, such schedule also allows additional claims be made by the valuers, appraisers and estate agent for (i) cost of printing, plans, copies of documents, lithography, travelling (only where the distance between the agent's office and the property is more than 40 km) and other expenses actually incurred; (ii) cost of media advertisements, signboards, brochures and other promotional materials. Hence, the Seventh Schedule of such Rules also requires such additional claims be incurred by the registered estate agent only with prior concurrence of the client.

17. Another common type of payment for valuers, appraisers and estate agents is the contingency fee which includes:

- (a) the value of the property in respect of the professional work done yet to be determined; and
- (b) the finding or results of the professional work done is pending in the Court or under arbitration.

18. However, by virtue of Rule 67 of the Valuers, Appraisers and Estate Agents Rules 1986, contingency fees are not allowed to be imposed by the valuers, appraisers or estate agents in Malaysia.

19. All charges and fees, excluding disbursements imposed for services is a consideration for the supply made and will subject to GST.

Disbursement

20. 'Disbursements' are monies where the valuers, appraisers or estate agents, acting as paying agents, have to pay to third parties in connection with the matter which such valuers, appraisers or estate agents are dealing with on behalf of the client. For GST purposes however, disbursements are defined more narrowly. The fee charged by valuers, appraisers or estate agents as the registered person to the client covers costs incurred in providing the goods and services. Normally, these items are separately identified on the invoice issued to the client by them. The payment for such cost incurred in performing the services is connected with the registered person's supply of goods and services and is therefore consideration.

21. The concept of disbursement only applies if such cost is incurred in a registered person's capacity as a paying agent for a particular client. Hence, such registered person does not have the legal obligation to pay for the goods or services or be a party to a contract and does not have discretion to alter the nature or value of supplies made between his customer and the third party supplier but are authorized by his customer to make payment to the supplier on his behalf. As such, no GST is eligible on the subsequent reimbursement by the client. A recovery of a payment registered person incurred by him in his capacity as paying agent on behalf of another party in order to discharge its payment obligation is treated as a disbursement. A disbursement does not constitute a supply and is not subject to GST.

22. Payment to the third party will be treated as disbursements if:-

- (a) The disbursement is made by the person as an agent on behalf of the client;
- (b) The client actually received the goods or services;
- (c) The client is the person responsible to pay;
- (d) The payment is authorised by the client;
- (e) The client knew that the goods and services paid for is provided by the third party;
- (f) The payment is itemised;
- (g) The person claims the exact amount from the client; and
- (h) The payment is clearly additional to the supplies the person makes to the client.

23. As the registered person, valuers, appraisers or estate agents must charge their clients GST when billing if an item is reimbursement for GST purposes. For the purpose of GST, the term "reimbursement" refers to the recovery of an expense that you incur as a principal from another party. Thus, if the expenses paid to a third party have been incurred by the registered person in the course of making his own supply of goods or services to his client and the payment was part and parcel of the whole of the services rendered by the registered person to his client, it will constitute part of



the whole services rendered by the registered person and become part of the consideration payable. A reimbursement, may be subjected to GST if it is consideration for a supply of goods or services. GST registered valuers, appraisers and estate agents are entitled to input tax incurred on goods or services procured by them if the subsequent recovery of such expenses constitutes a taxable supply.

Tax Invoice

24. The Valuers, Appraisers and Estate Agents legislation requires that invoice to be issued by valuers, appraisers and estate agents. The invoice will itemize the list of expenses the client is required to pay for services procured from valuers, appraisers or estate agents. It can have varying level of details, and should describe the nature of work done by them for the client, and any other expenses incurred.

25. For the purpose of GST, section 33 of Goods and Services Act 2014 requires every registered person who makes any taxable supply of goods or services in the course or furtherance of any business in Malaysia to issue a tax invoice. A tax invoice is a document containing certain information about the supply that has been made and is similar to a commercial invoice except for some additional details. This document is important as it is an essential evidence to support a customer's claim for deduction of input tax. A tax invoice must be issued within twenty one (21) days from the time of supply. The supplier must keep a copy and the original copy should be retained by the recipient. Only a GST registered person can issue tax invoices. Tax invoices can be in the following forms:

- (a) Tax invoice
 - (i) Full tax invoice
 - (ii) Simplified tax invoice
- (b) Deemed tax invoice
 - (i) Self-billed invoice
 - (ii) Invoice or statement of sales by auctioneer

26. Such invoice can only be treated as a tax invoice under section 33 of GST Act 2014 if it has certain characteristics and particulars of the tax invoice.



27. For further information on tax invoice, please refer to the Guide on Tax Invoice and Record Keeping.

FREQUENTLY ASKED QUESTIONS

Registration

Q1. Who is a taxable person?

A1. A taxable person is a person who is or is liable to be registered under the GST Act 2014 i.e. a person who makes taxable supplies above the prescribed threshold of RM500,000.00 threshold within a period of twelve months. Providing or determining the value of fixed property, executing feasibility studies, providing expert advice on property valuation by the valuers and appraisers or brokering services by the estate agents, negotiators or brokers are taxable supplies and are subject to GST at a standard rate. A taxable person can be an individual, a sole proprietor, a partnership, etc regardless whether they are registered under the Valuers, Appraisers or Estate Agents Act 1981 or not.

Q2. Who is required to be registered?

A2. Valuers, appraisers, estate agents, negotiators or brokers whose taxable supplies exceed the prescribed threshold(RM500,000.00) in the past 12 months or will exceed it within the next 12 months.

Taxable Supplies, Time of supply and Accounting for GST

Q3. What constitutes my taxable turnover?

A3. Your taxable turnover is made up of all your consideration that you received in the course or furtherance of providing brokering services.

Q4. What constitutes taxable turnover for the valuers, appraisers or real estate agents?

A4. The following will constitute the taxable turnover:-

- (a) all fees;



- (b) additional fee incurred by valuers, appraisers or estate agents excluding disbursements; and
- (c) deemed supplies such as private use of business assets and disposal of business gifts.

Q5. If I also trade in properties or rent out my property, do such payments also constitute my taxable turnover?

A5. For estate agents, besides dealing with brokering services, if you also trade or rent / lease properties, then value of your taxable supplies will include:

- (a) fee (consideration) received;
- (b) the sale price of commercial properties sold as a trading stock;
- (c) the rental / lease collected from the lease of your commercial properties.

Q6. Is the value from the disposal of property which is a capital asset taken into consideration in determining the taxable turnover?

A6. No. The disposal of capital asset such as commercial property is not taken into consideration in determining the taxable turnover even though it is subject to GST.

Q7. Is the value from the disposal of property which is a trading stock taken into consideration in determining the taxable turnover?

A7. Yes. However only the value of the sale of certain taxable property such as commercial property is to be taken into consideration in determining the turnover.

Q8. As registered valuers, appraisers or estate agents under GST, do I have to charge and account for GST?

A8. As registered valuers, appraiser or real estate agents, you are making a taxable supply of services to clients. You are required to charge and account for GST on the fee or commissions that you received. Section 9 of the GST Act provides that GST is charged on:-

- (a) any taxable supply of goods and services;



- (b) made in the course or furtherance of any business;
- (c) by a taxable person;
- (d) in Malaysia

However, those who are not registered for GST, cannot charge GST on any transaction and services that he make.

Q9. What happen if I do not charge GST on the agreed fee or commissions?

A9. If you fail to charge GST on the agreed fee or commission, such fee and commissions received shall be treated as inclusive of GST. You have to account for the GST based on the value of the services charged.

Example 1

Fee = RM10,000

Value of GST = RM10,000 X [6/106]

GST amount = RM566

Q10. Are commissions derived from the sale of all properties subject to GST?

A10. Yes. All commissions derived from the sale of properties are subject to GST, regardless whether the property is a taxable or exempt supply.

Q11. What is the time of supply for valuers, appraisers or estate agents and when are they required to account for GST?

A11. Section 11(3) of the GST Act provides that the time of supply for services is when the services are performed. However, if tax invoice to be issued or payment to be received is before the time of supply under section 11(3), such valuers, appraisers or estate agents have to account for GST on the fee or commission at the **earlier** of the following dates:

- (a) the date when you receive the fees or commission;
- (b) the date when you issue a tax invoice.

However if such registered valuers, appraisers or estate agents issue a tax invoice within 21 days after the date when such services are performed, GST have to be accounted based on the date of the invoice.



In the case of a sale of property by the estate agents or the negotiators, your brokering service are considered performed when the sale is completed by you.

Example 2

AB & Co is the registered valuer. AB & Co provides valuation services to a client B. The valuation services were provided in February over a period of time and finally completed on 15th May. The invoice has to be issued within 21 days from the date of completion of services that is on or before 5th June. AB & Co has to account for GST based on the invoice date.

Hence, if the invoice was issued one month after on 15th June. The tax point shifts back to 15th May. GST has to be accounted for the taxable period covering 15th May.

Q12. How do I account GST on fee or commissions received?

A12. GST on fee or commissions received by the valuers, appraisers or real estate agent is exclusive of GST.

Example 3

SEVENTH SCHEDULE

(Rule 48 – Valuers, Appraisers and Estate Agents Rules 1986)

Scale of Fees Valuations

(1) *Land Acquisition Valuation*

1% on the first RM100,000, 2/5% on the residue up to RM2 million, 1/3% on the residue up to RM7 million, 1/4% on the residue to RM15 million, 1/10% on the residue over RM15 million (minimum fee: RM750).

Example;

Fee = RM10,000

GST rate = 6%

Fee rate = RM10,000 x 6% (GST rate)

GST amount = RM600



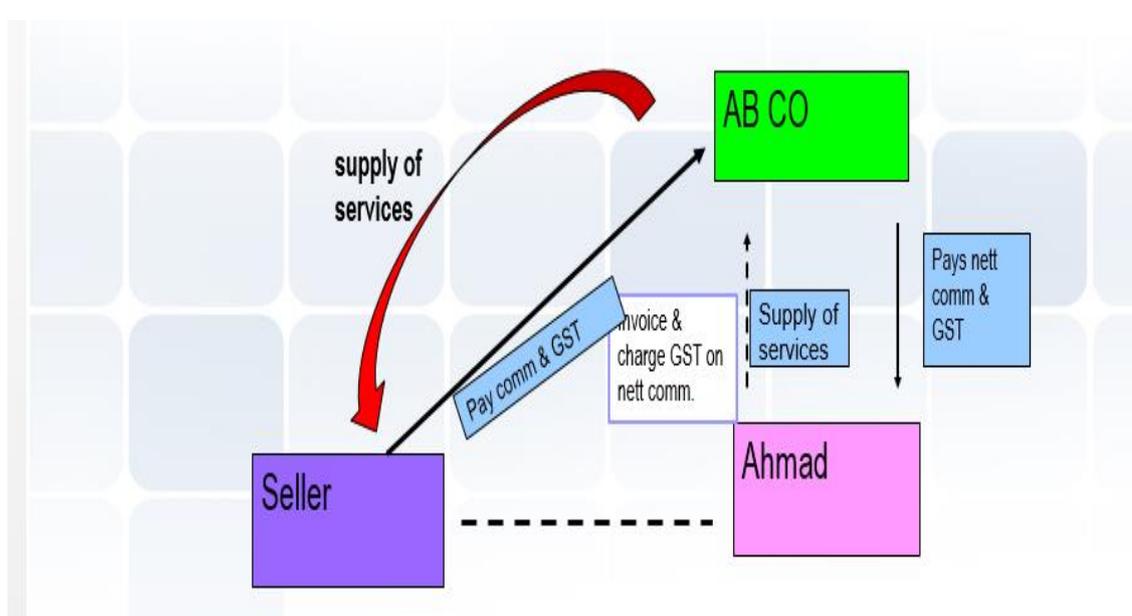
Total amount payable = RM10,600

Q13. What is GST treatment on the sharing fee or commission between the estate agent and the individual negotiator?

A13. The estate agent is the one who enters into a contract with the client to perform estate agency work. The estate agent will be represented by the individual negotiator. A registered estate agent under GST will have to charge and account for GST on the full commission that he receives from his client while the registered negotiator will have to charge and account for GST on the commission that he receives from the estate agent.

Example 4

A GST registered individual negotiator, Ahmad, deals with a GST registered estate agent, AB Co. AB Co enters into an agreement with a seller to sell his property and AB Co is represented by Ahmad. Both AB Co and Ahmad agreed to share the commission in the ratio 70:30. As the agreement is entered into between AB Co and the seller, the seller pays AB Co a commission of RM15,000.



The GST treatment is as follows:-

- (a) *GST on the commission received by the estate agent*

AB Co makes a supply of brokering services to the seller. The full commission of RM15,000 that AB Co charges to the seller is the consideration for its taxable supplies and is subject to GST.

(b) GST on the commission received by the individual agent (Ahmad)

Though the individual agent, Ahmad deals directly with the seller and is responsible for closing the deal, he is actually providing a taxable supply of service to AB Co. Therefore, the commission of RM4,500 that Ahmad receives from AB Co is the consideration for his service. As Ahmad is registered for GST, he will have to charge GST of RM270 (6% x RM4,500) on the 30% commission of RM15000 that he receives from AB Co.

Q14. What is GST treatment on the sharing fee or commission between the estate agent and individual negotiator who is not registered under GST ACT?

A14. Based on the above example, GST treatment is as follows:

(a) GST on the commission received by the estate agent

AB Co makes a supply of brokering services to the seller. The full commission of RM15,000 that AB Co charges to the seller is subject to GST.

(b) GST on the commission received by the individual agent (Ahmad)

As the person who is not registered under GST, Ahmad cannot charge GST on the consideration received (RM4,500) from AB Co. Ahmad is also not entitled to claim ITC on his acquisition.

Q15. For GST purposes, is the negotiator acting on behalf of the real estate agency for the service (not under the contract of employment) required to charge GST when he closes a deal?

A15. Yes, using the same scenario as in the above example, the negotiators, Ahmad is actually providing a taxable supply of service to AB Co. Therefore, the fee or commission of RM4,500 that Ahmad receives from AB Co. is the consideration for his service. Ahmad has to charge GST on commissions



received from ABC Co. AB Co. will claim GST incurred as his input tax. AB Co. will charge the customer GST on the full value of the fee or commissions.

Example 5

AB Co. pays Ahmad : RM4,500.00

6% GST : RM270.00

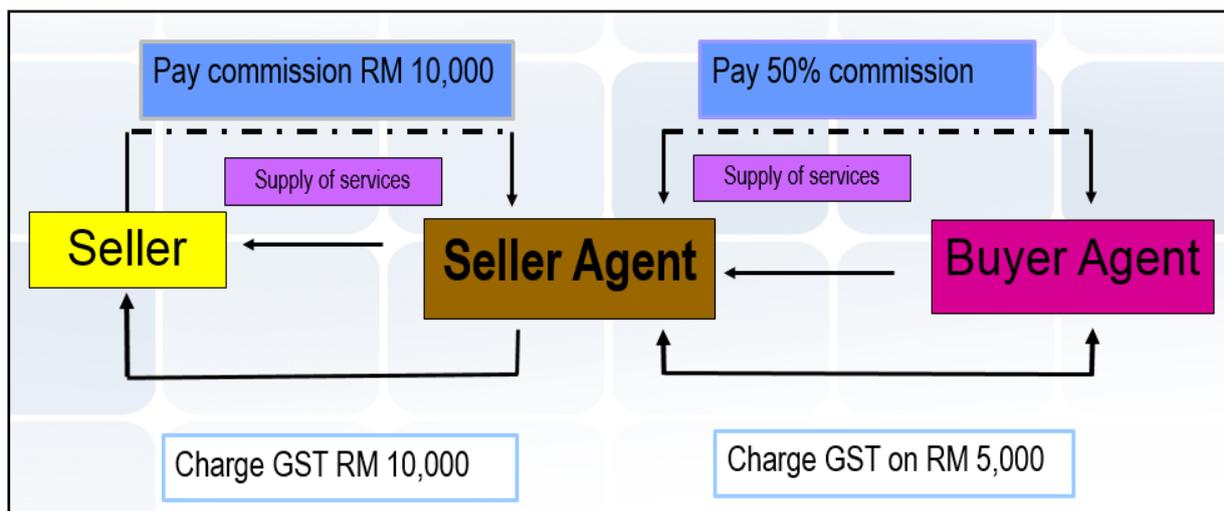
Total amount Ahmad charges ABC Co. RM4,770.00 (commissions + GST).

Q16. What is the GST treatment if the work done by the estate agent involves a co-brokering arrangement?

A16. In the case where the estate agent enters into a co-brokering arrangement with another estate agent on the sale of property, both registered estate agents have to charge and account for GST on the fee or commission received.

Example 6

AB Co. (estate agent) is contracted by a seller to help him sell the property. BM Co. (estate agent) helps AB Co. to find a buyer. AB Co. and BM Co. have agreed to share the commission of RM10,000 payable by the seller in the ratio 50:50.



Assuming AB Co. and BM Co. jointly sell the property and share the commission on a 50:50 basis.

Total commission received by AB Co = RM10,000.00



AB Co. pays BM Co. = RM5,000.00

AB Co's GST liability: RM10,000.00 x 6%= RM600.00

BM Co's GST liability: RM5,000.00 x 6% = RM300.00

BM Co charges AB Co. = RM5,300.00 (commissions + GST amount)

Q17. Based on the above scenario, what is the GST treatment if one of the parties (BM Co) in co-brokering arrangement is not registered with GST?

A17. Using the same scenario as in the above example, GST treatment is as follows:

Example 7

Total commission received by AB Co = RM10,000.00

AB Co pays BM Co = RM5,000.00

AB Co's GST liability: RM10,000.00 x 6%= RM600.00

BM Co's GST liability: RM0

BM Co charges AB Co. = RM5,000.00

Q18. If Agent A and Agent B are registered and they jointly sell the property, what are their GST liabilities?

A18. They are liable to account for GST for their respective commissions received

Q19. Whether the supply of services by the probationary valuers and probationary estate agents to estate agents is subject to GST.

A19. The treatment is as follows:

- (a) If the probationary valuers and probationary estate agents work for such valuer and estate agent under the contract of employment, it is not subject to GST.

Example 8

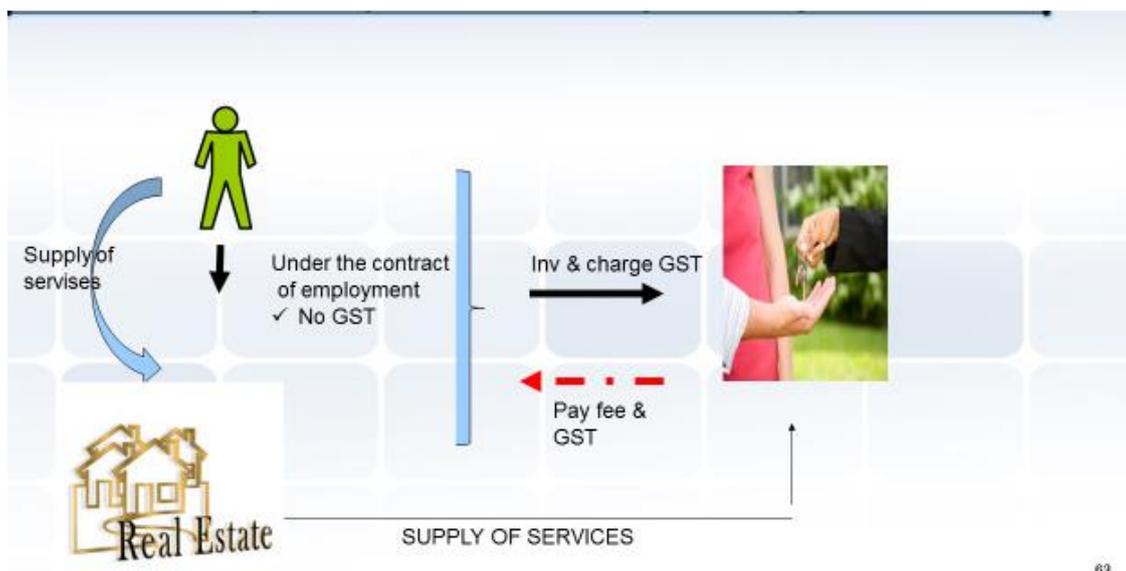
Estate Agent Sdn Bhd is a registrant and hires probationary estate agents under contract of employment to work in their company. This supply of service by probationary estate agents is not subjected to GST.

- (b) GST is chargeable if such valuer or estate agent supplies the services of such probationary valuer or estate agent who are under their contract of employment to another company.

Q20. Following Q19, are the commissions received by probationary valuers and probationary estate agents from the Estate Agent Sdn. Bhd. are subject to GST?

A20. No. It is not subject to GST if the probationary valuers and estate agents are under the Estate Agent Sdn. Bhd.'s contract of employment and acting as their representatives. They are not regarded as agents for GST purpose as they do not bear the risk.

Example 9



Q21. What happens to fees or commissions paid to valuers, appraisers or estate agents if the sale is aborted?

A21. If the valuation of the property or negotiation for the purchase is aborted and the valuers, appraisers or estate agents and negotiators are still entitled to the agreed commission (in part or in full) for their services rendered, the fee or commission received is still subject to GST because it is the payment for the supply of services. Such valuers, appraisers or estate agents and negotiators have to charge and account for GST on the value of the commission received.

For the estate agents, the provision of service in estate agency work is treated as a separate taxable supply from the sale of the property.

Q22. What will happen if the fee or commission is returned to the recipient of their services when the project or sale is aborted?

A22. The firm can recover the GST paid as input tax when the commission or fee be returned to the buyer and such valuers, appraisers or estate agents shall issue a credit note.

Q23. Will GST be levied on the stamp duty payable on the transfers of property?

A23. No, GST is exclusive of stamp duty.

GST on sale and lease of property

Q24. Is the sale of property as a capital asset or a trading stock subject to GST?

A24. Yes, if the property is a standard rated supply such as commercial property. If the property is an exempt supply such as residential premises, then the disposal is not subject to GST.

In the scenario where the estate agency holds the property as their business asset, there are two separate supplies;

- (a) the supply of brokering services by the estate agency which is a taxable supply regardless whether such property is residential or commercial;
- (b) supply of goods made by estate agency to the house buyer where the disposal of the commercial property will be standard rated and it not subject to tax if such property is residential.

Q25. What will happen if the sale transaction is aborted?

A25. If your sale of a non-residential property is aborted after deposit has been paid by the buyer, you are still required to charge and account for GST on the deposit retained because it is the payment for your supply of service in granting the buyer the right to purchase.



Client Account

Q26. Section 49 of Valuers, Appraisers and Estate Agents Act 1981 allows registered firms to hold or receive client's money in relation to its property management business. Do I have to account for GST on money deposited into the client's account?

A26. No, you do not have to account for GST because the amount received is not payment for a supply. However, you have to account for GST when the money is transferred from the client's account to the office account for payment of services rendered to your client.

Deposit and Advance Payment

Q27. Is GST chargeable on deposits received from the recipient?

A27. If the deposit forms part payment of the total consideration payable by the recipient, GST will be chargeable at the time of payment of the deposit. On the other hand, if the deposit is used as security and will be fully refunded upon completion of services, no GST will be chargeable.

Q28. Is advance payment subject to GST?

A28. Yes, because it is payment for your supply. If the part of the advance payment is refunded, GST will be imposed on the part which is the payment of the services.

Q29. When do I account for GST on advance payment?

A29. You have to account for GST on the date of receipt of payment.

Disbursement

Q30. Can general expenses qualify as disbursements?

A30. General expenses such as telephone, telex, postage, advertising, and stationery charges are incurred in the course of providing services to the client and shall be treated as business costs. They are not to be treated as disbursements for GST purposes. However with regards to telephone calls, some firms may have a policy to charge separately for the cost of telephone calls, for example international calls or for the cost of a conference call. Even



where these charges are itemized separately on the invoice, for GST purposes they are regarded as part of the cost of supplying the services to your client and these charges would attract GST. Valuers, appraisers or estate agents should therefore account for input tax in the normal way and charge GST at the standard rate on the value of the telephone calls or conference fee charges.

Q31. Can travel and accommodation expenses be regarded as disbursements?

A31. As a general rule, travelling and accommodation expenses incurred by valuers, appraisers or estate agents in the performance of his client's instructions are not disbursements and must be included as part of their overall charge. These would include the accommodation and travelling expenses such as flight, taxi and train fares, toll charges and car parking. Such expenditures are incurred in the course of providing a supply of services to a client and if these expenses are borne by them and can be recovered as the consideration paid by the client. Such expenses cannot too be treated as reimbursements because such expenses were on the services supplied to valuers, appraisers or estate agents rather than to the client, and the charge made by them was part of the total consideration for all the services supplied to the client and could not be divided for the purposes of calculating GST

Input Tax Credit (ITC)

Q32. As the registered person under section 20 of GST Act, what can valuers, appraisers and real estate agents claim as their input tax?

A32. The input tax claimable includes the GST incurred on the advertisement, rental of premises, office stationeries, utilities, equipments, etc. Running expenses of a motor vehicle incurred by individual agents are not claimable.

Q33. Are registered estate agents who are involved in the business of selling or letting of non-residential properties owned by them entitle to claim ITC on their acquisition?

A33. If such estate agents are also involved in the business of selling and/or letting of non-residential properties owned by them, they can claim GST incurred in



relation to the purchase of non-residential properties as their input tax, as long as the properties are acquired for the purposes of letting or sale. The input tax claimable include the GST incurred on the purchase price, maintenance or service charges, purchase of furniture and fittings, renovation and repairs, conveyance fees etc.

Q34. On the part of advertisement, Part XI of Valuers, Appraisers and Estate Agents Act 1981 allows the firm to advertise the services offered by them and to promote or provide the accurate description the property. Can the registered valuers, appraisers or estate agents claim advertisement's cost as their input tax?

A34. Registered valuers, appraisers or estate agents under section 20 of the GST Act can claim GST incurred in relation to their services. This includes GST incurred on advertisement regardless whether such advertisement be made in order to advertise the service offered or for the purpose of promoting the relevant property whether through "For Sale" announcement or a "wanted" publication.

Transitional Provisions

Q35. Can I claim input tax incurred on service tax for services procured before the commencement of GST?

A35. No, you cannot claim input tax on service tax incurred before the commencement of GST because the services were performed and consumed before the commencement of GST.

Q36. How do I account for GST on the supplies of the services provided by valuers, appraisers or estate agents if such services were performed spanning GST implementation?

A36. Generally, GST is payable on supplies of services made on or after 1 April 2015 during which service tax cannot be imposed. However if there is a continuous supply of services spanning the GST Commencement, only the portion of supply made before 1 April 2015 is not subject to GST. The proportion of supply made on or after 1 April 2015 is subject to GST. Valuers, appraisers or estate agents must apportion their services and charge

accordingly. GST is only chargeable for such services rendered after GST implementation. Apportionment can be by way of time spent or transactions of the services.

FEEDBACK OR COMMENTS

28. Any feedback or comments will be greatly appreciated. Please email your feedback or comments to either Zaizah bt Zainuddin (zaizah.zainuddin@customs.gov.my), Raizam bt. Mustapha (raizam.mustapha@customs.gov.my) or Lau Thye Mun (thyemun.lau@customs.gov.my).

FURTHER INFORMATION

29. Further information can be obtained from:

- (a) GST Website: www.gst.customs.gov.my
- (b) GST Tel: 03-88822111
- (c) Customs Call Centre:
 - Tel : 03-78067200/ 1-300-888-500
 - Fax : 03-78067599
 - E-mail : ccc@customs.gov.my

