



ROYAL MALAYSIAN CUSTOMS

GOODS AND SERVICES TAX

GUIDE ON SOCIETIES AND SIMILAR ORGANISATIONS

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INTRODUCTION

1. This Industry Guide is prepared to businesses in understanding matters with regards to Goods and Services Tax (GST) treatment on societies and similar organizations (including charitable entities).

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.

OVERVIEW OF SOCIETIES AND SIMILAR ORGANIZATIONS (INCLUDING CHARITABLE ENTITIES)

Societies and Similar Organizations

5. “Society” has the meaning assigned to it by section 2 of the Societies Act, 1966. “Society” includes any club, company, partnership, or association of seven or more persons whatever its nature or object, whether temporary or permanent, but does not include-



- (a) any company registered under the provisions of any written law relating to companies for the time being in force in Malaysia;
- (b) any company or association constituted under any written law;
- (c) any trade union registered or required to be registered under the provisions of any written law relating to trade unions for the time being in force in Malaysia;
- (d) any company, association or partnership formed for the sole purpose of carrying on any lawful business that has for its object the acquisition of gain by the company, association or partnership, or by the individual members thereof;
- (e) any co-operative society, registered as such, under any written law;
- (f) any organization or association in respect of which there is for the time being in force a certificate (which may be granted, refused or cancelled at his discretion) by a person or authority appointed under the provisions of the written law for the time being enforce relating to the registration of schools that such organization or association forms part of the curriculum of a school; or
- (g) any school, management committee of a school, parents 'association or parent-teachers' association registered or exempted from registration under any law for the time being in force regulating schools;

6. For GST purposes, similar organizations refer to any organization registered under Registrar of Society, Registrar of Companies, Commissioner of Sports or any Act of Parliament. This organization includes economic association, professional association, public interest group and also non-profit organization or any organization established under relevant Ministries. Examples of societies and similar organizations under various legislations are as follows:

- (a) Societies Act, 1966 (Act 335):
 - (i) Federation of Malaysian Manufacturers;
 - (ii) Persatuan Seniman Malaysia; and
 - (iii) Persatuan Kucing Bakabaik Malaysia.

- (b) Companies Act, 1965 (Act 125):
- (i) Berjaya Vacation Club (BVC);
 - (ii) Swiss-Garden International Vacation Club; and
 - (iii) Kelab Golf Perkhidmatan Awam.
- (c) Sports Development Act, 1997 (Act 576):
- (i) The Football Association of Malaysia (FAM);
 - (ii) Malaysian Tenpin Bowling Congress; and
 - (iii) Malaysian Lawn Bowls Federation.
- (d) Other Acts of Parliament:
- (i) St. John Ambulance of Malaysia under St. John Ambulance of Malaysia (Incorporation) (Amendment) Act, 1974 (Act A230);
 - (ii) Other institutions established under relevant ministries such as the Ministry of Woman, Family and Community Development where some examples are as follows:
 - Children in need of Care and Protection Institutions such as Rumah Budak Laki-Laki Tun Abdul Aziz, Pusat Perkembangan Kemahiran Kebangsaan, Taman Seri Puteri and Sekolah Tunas Bakti under Child Act, 2001 (Act 611) and Care Centres Act, 1993 (Act 506).
 - Persons with Disabilities Institutions such as Taman Sinar Harapan, Bengkel Daya, Pusat Latihan Perindustrian dan Pemulihan and Pusat Pemulihan Dalam Komuniti under Persons with Disabilities Act, 2008 (Act 685) and Care Centres Act, 1993 (Act 506).
 - Senior Citizen Institution such as Rumah Seri Kenangan, Rumah Ehsan, Desa Bina Diri and Pusat Jagaan Harian Warga Emas under Care Centres Act, 1993 (Act 506).

Charitable Entity

7. Some similar organizations are established exclusively for charitable purposes. These charitable entities are for the benefit of the Malaysian community.

8. Generally, 'charitable' can be classified into four categories;

- (a) a trust for the relief of poverty such as organisations that supply low cost furniture, clothing and accommodation, soup kitchens and etc.;
- (b) a trust for the advancement of education such as research and adding to collecting knowledge of areas of studies, teaching illiterate adults to read and write;
- (c) a trust for the advancement of religion such as religious classes conducted by mosque, churches, temples and etc. ;
- (d) a trust for other purposes beneficial to the community not falling under any of the preceding categories includes promoting health (for example, educating the public about a particular disease), providing community facilities such as museums, libraries, halls, botanical gardens, promoting art and culture and etc.

9. Charitable entities which are established under relevant acts and administered by regulatory bodies under Government such as Social Welfare Department to carry out the social obligation of the Government are considered as **public charitable entities**.

10. Other charitable entities, beside the public charitable entities, are categorized as **private charitable entities** for GST purpose.

11. Both public and private charitable entities may be involved in business and non-business activities.

BUSINESS ACTIVITIES

12. For GST purposes, a business includes any trade, commerce, profession, vocation or any other similar activity whether or not for a pecuniary profit.



13. The following are to determine whether the society or similar organization is carrying on a business:

- (a) Is the activity a serious undertaking or work earnestly pursued?
- (b) Is the activity actively pursued with reasonable or recognizable continuity?
- (c) Is the activity conducted in a regular manner and on sound and recognized business principles (business like nature)?
- (d) Is the activity concerned with the making of supplies for a consideration? and
- (e) Is the activity concerned with the making of supplies of a kind commonly made by commercial organizations?

Partly Business and Non-Business

14. If goods or services are purchased partly for business and partly for non-business purposes, the GST incurred must be apportioned to reflect the amount attributable to business activities. *For further information on apportionment please refer to the GST Guide on Partial Exemption.*

REGISTRATION FOR GST

15. Societies and similar organizations (including charitable entities) providing taxable supplies are subject to the same rules on registration for GST as other businesses. *For further information please refer to the GST Guide on Registration.*

MEMBERSHIP SUBSCRIPTION

16. Generally, membership subscription charged by any GST registered society or similar organization (including charitable entity) is only subjected to GST if the value of the supply given to its members is substantial. That is, the benefits to the members in return of the subscription is substantial. There are also instances where it is a statutory requirement for certain professions, for example architects, lawyers,

accountants, to be members of their professional associations/organisations. Such membership would not be subject to GST.

Example 1

Employees Association of a government agency charges the following to its members:

- (a) *Joining fee*
- (b) *Membership fee*

In return for the membership, the members are provided with the membership card, a car sticker having the association logo, notepad and quarterly bulletin of members' association activity.

Example 2

Board of Architects Malaysia (BAM) is a statutory body responsible for the enforcement of the Architects Act, 1967 to enable members to practice in their field. As such the registration fees paid by architects to Board of Architects Malaysia (BAM) are not subject to GST.

17. The supply in this case (Example 1) relates to the aims and objectives and value of the supply is nominal and therefore the above fees (joining and membership fees) are not subject to GST. For the architects (Example 2), it is a statutory requirement to be a member to enable them to practise.

Example 3

Woman's Club, charges RM50 annually to its members. The benefits that the members get for joining the club are access to the swimming pool, karaoke room, annual trip overseas and discounts for any purchases at selective outlets of the club.

Example 4

ABC Country Club grants its members the right to use its facilities such as swimming pool, tennis and badminton court, snooker, etc.

18. The value of the supplies are not nominal. Since the benefits received by the members are substantial, the membership fee is subject to GST.

SUPPLY BY SOCIETIES AND SIMILAR ORGANIZATIONS (INCLUDING CHARITABLE ENTITIES)

19. Supply of **goods or services** to its members; which **relates to its aims and objectives** and **available without payment** other than a membership subscription, where **the value of such supply is nominal, is not regarded as a supply**. As a guide, the cost of the supply made by the society or similar organizations to each of its member in a year does not exceed RM100 (one hundred ringgit Malaysia).

Example 5

MIM Bulletin is a bimonthly publication by MIM Association distributed free of charge to its members and relates to its aims and objectives. MIM does not need to account for GST on the free bulletins distributed as the benefit is nominal and it is not regarded as a supply.

20. Supply of **goods** and **available without payment** and the **benefits of such supply is substantive**, is to be treated in accordance to “business gift rule”.

- (a) Under “business gift rule”, a gift of goods made in the course or furtherance of the business made to the same person in a year where the cost of goods to the donor is not more than RM500 is not regarded as a supply but input tax credit is claimable.
- (b) If the cost of goods to the donor is more than RM500, it is regarded as a supply and has to be accounted for GST and input tax credit is claimable.

21. Services supplied without payment is not regarded as a supply even though the benefits received are substantial.

Example 6

Ambulance service is taxable supply and subject to GST. If the service provided is given free of charge, it is not regarded as a supply and is not subject to GST.

Example 7

XYZ is a trade association which represents industry's problems and concerns to the Government. It also provides free advisory services to its members on matters such as technology, trade promotion, quality controls and standards. The supplying of such services is not regarded as a supply and is not subject to GST.

22. Normally societies and similar organization charge their members at nominal value while they charge the non-members at the normal market price. Even though the members are charged at nominal value, the supply of goods or services to the members and non-members are subject to GST. Input tax is claimable.

Example 8

AXE Invest Sdn Bhd, provides professional advice, for example, guidance in running a business, investing in stock market, legal advice, and etc. and charges nominal value of RM1,000 to its members while the normal market price is RM50,000. This supply of services are taxable supplies and subject to GST.

DONATION AND GRANT

23. Donation in cash, grant or sponsorship to societies or similar organization (including charitable entity) without any benefits whatsoever to donor or sponsor is not regarded as a supply.

Example 9

Amru Company (AC) gives cash donation of RM10,000 to Rumah Budak Laki-Laki Tun Abdul Aziz. In return for the cash donation, Rumah Budak Laki-Laki Tun Abdul Aziz gives AC a small plaque with its logo and words of appreciation. Cash donation is not a supply and the small plaque is also not a supply as it has no commercial value.

24. Donation in kind by a GST registered person to societies or similar organizations (including charitable entity) without any benefits whatsoever to donor or sponsor is to be treated in accordance to "business gift rule".

Example 10

SM Company sponsors footgear for the participants of a sport event. If the sponsorship of the footgear cost less than RM500 per person, it is regarded as business gift and not subject to GST. However, if the cost of the footgear is more than RM500 per person, then it is subject to GST. SM Company needs to account for GST on the supply if he is a GST registered person.

25. Supply of goods or services by GST registered society or similar organization which benefits the donor or sponsor in return for the donation in cash or in kind is subject to GST and input tax credit is claimable. Examples are:

- (a) advertising or promoting the donor's or sponsor's name or its products in the program booklet;
- (b) naming the event after the donor or sponsor;
- (c) displaying the donor's or sponsor's name on shirts worn by a team;

Example 11

Anaqi Company (Anaqi) is the main sponsor for a local football tournament. The sponsorship in the form of jersey given to AIS Sport Club, organizer of this tournament and to be distributed to every football team. In return, the corporate name and logo of the sponsor will be printed on the players' jerseys. The sponsors' name will be posted on the billboard and at the football field during the tournament.

The supply by Anaqi is subject to GST because the consideration of the donation in kind has benefit in return in the form of advertisement to the company. If AIS Sport Club is a registered person, he needs to account the GST on the sponsorship received.

26. However, supply of goods or services by GST registered society or similar organization to the donor or sponsor in return for donation in cash and in kind is not regarded as a supply if it has no commercial value.

Example 12

Parent Teachers Association of Sekolah Kebangsaan Jitra organized canteen day. Roslan Company Sdn Bhd sponsored food and beverages. In return, the organizer gives the director of the company a certificate of appreciation and a notepad. The supply by the organizer is not regarded as a supply and not subject to GST because it has no commercial value.

27. Supply of goods has no commercial value if it:
- (a) has no resale value;
 - (b) is specially made for a particular fundraising event and is not available for sale in the market;
 - (c) bears the logo of the charitable entity; or
 - (d) carries the fundraising message.
28. Supply of services would have no commercial value if it;
- (a) is mere acknowledgement which is not tantamount to advertising (e.g. naming the donors in the programme/ booklet/ banner, giving a small token of appreciation, etc.).
 - (b) has no written or verbal agreements where the conditions confer benefits on the sponsor; or
 - (c) is not linked to its business activity.
29. For donation in kind, GST has to be accounted at the tax fraction of 6/106 on the open market value (OMV) of donated goods of the said supply. For donation in cash, GST has to be accounted at the tax fraction of 6/106 on the amount of the donation received.

Example 13

Izmatul Company sponsors TTS club coffee mugs bearing its corporate logo for an event. In this case where the sponsor has sponsored coffee mugs with corporate name or logo, TTS Club (if it is a GST registered person) is required

to account for GST based on the open market value for providing advertising space.

30. Private charitable entities may be given relief from the payment of GST on acquisition of selected goods as prescribed under items 7 and 8, First Schedule of Goods and Services Tax (Relief) Order 2014 subject to conditions stipulated in the Order.

FUND RAISING EVENTS

31. Society or similar organizations do carry out fund raising events such as auction, jumble sale, walkathon, dinner, lucky draw, etc. from time to time normally for charitable purposes.

32. Any GST registered person approved by the Director General making supplies of goods or services in a fund raising event is eligible to be given relief from charging GST on those supplies under item 1, Second Schedule of the Goods and Services Tax (Relief) Order 2014. This person must not be in a business of raising fund as in the case of a professional fund raiser. In order to claim relief from the payment of GST, such person shall furnish a certificate as in the Third Schedule of the Goods and Services Tax (Relief) Order 2014.

33. This approved person shall submit a list of supplies to be used in the fund raising event to the Director General of Customs for approval prior to the event. He is to keep records or accounts of the supplies used in the fund raising activities and such records or accounts are to be made available for inspection by senior officer of Goods and Services Tax at any time.

34. This approved person may conduct any approved fundraising event and enjoy tax relief on supply of goods and services up to four (4) times a year. Supplies on the fifth and subsequent fundraising events will be subjected to GST at standard rate and input tax credit is claimable.

35. Any society or similar organization (including charitable entity) who appoints professional fundraiser to conduct its fundraising activities does not qualify for this

tax relief and its supply of goods and services will be subjected to GST at standard rate.

FREQUENTLY ASKED QUESTIONS

Q1. We are a non-profit organization providing sport and recreation facilities for the community free of charge or at a nominal fee. We receive some grants from the government. Are we required to register?

A1. Supply of sport and recreation facilities is a taxable supply. However, if this supply of services is provided free of charge, it is regarded as not a supply and is not subject to GST. If you supply these services to community or others for a charge, it is subject to GST. You have to register for GST if your taxable supplies exceed the prescribed threshold.

Q2. Muzium Kesenian Islam, a non-profit organization charges admission fee to its museum. The museum also obtains income from calligraphy classes, selling of gifts and souvenirs, and renting out its restaurant premise. Is the organization liable to be registered?

A2. Since the museum is making taxable supplies, it is liable to register if its annual taxable turnover in a twelve month period exceeds the prescribed threshold. Taxable supplies made by the museum would also include sales made by its retail outlets, and renting of premises within the premise of the museum.

Q3. Will an admission fee to entertainment events offered by any society or similar organization (including charitable entity) be subjected to GST?

A3. Admissions to a place of amusement or recreation charged by any society or similar organization (including charitable entity) will be subjected to GST. These include, among others, admissions to stage and film presentations, exhibitions, sporting events, museums, parks and recreational facilities.

Q4. What is the GST treatment on advertising services provided by societies or similar organizations?



A4. Societies and similar organizations sometimes sell advertising space in their own brochures, programs, annual reports etc. The sale of such advertising space is a taxable supply and is therefore subject to GST.

Q5. Are ambulance services provided by societies and similar organizations (including charitable entities) subject to GST?

A5. Ambulance service is taxable supply and subject to GST. If the service is provided free of charge, it is not a supply and not subject to GST. If the ambulance service is provided by a public charitable entity, it is an out-of-scope supply in line with GST treatment for Government.

Q6. Will first aid courses offered by a non-profit organization such as St. John Ambulance, Red Crescent be subjected to GST?

A6. The supply of a first aid course by a non-profit organization which relates to its main objective offered to its members and general public free of charge, it is not a supply and not subject to GST. However, if the first aid course is offered to non-members for a charge, it is subject to GST. The non-profit organization has to charge and account for GST if it is a GST registered person.

Q7. Berjaya Vacation Club charges affiliation fees to affiliated hotels and resorts abroad. What is the GST treatment on this affiliation fees?

A7. Affiliation fees charged by Berjaya Vacation Club to affiliated hotels and resorts abroad are considered exported service and therefore zero-rated.

Q8. Malaysian Institute of Accountants (MIA) pays affiliation fees to The Chartered Association of Certified Accountants (Association of Chartered Certified Accountants (ACCA), United Kingdom). What is GST treatment on this affiliation fees?

A8. Affiliation fees paid to international bodies situated outside of Malaysia is not subject to GST.

Q9. My club organizes golf tournament for members and the general public and charge competition fees. What is the GST treatment on competition fees?

A9. Competition fees is subjected to GST at standard rate.

Q10. What is the GST treatment on counseling services provided by a non-profit organization such as the Befrienders to the general public?

A10. Counseling service is taxable supply and subject to GST at standard rate. If the service provided is free of charge it is not regarded as a supply and not subject to GST.

Q11. Are courses conducted by non-profit organization subject to GST?

A11. In house training to members of the non-profit organization is taxable supply and subject to GST at standard rate. If the training provided is free of charge it is not regarded as a supply and not subject to GST.

However, if the non-profit organization outsourced its training to another party, normal GST rules will apply depending on the status of the service provider. If it is a GST registered person then it is subjected to GST at standard rate.

Q12. Will first aid courses offered by a non-profit organization such as St. John Ambulance, Red Crescent be subject to GST?

A12. The supply of first aid courses by a non-profit organization is a taxable supply and subject to GST at standard rate. If the course is provided to its members and to the general public free of charge, is not regarded as a supply and not subject to GST.

Q13. Malaysian Textiles Manufacturers Association (MTMA), a non-profit organization, has been appointed as the authorized body to issue and endorse Certificate of Origin for all textile related products by the Ministry of International Trade and Industry (MITI) since 1990. MTMA charges a fee to its member for endorsement of the Certificate of Origin (CO). What is the GST treatment on this fee?

A13. Endorsement fee is subject to GST at standard-rate.

Q14. A Sports Club in Kuala Lumpur offers horse riding lessons for a fee. What is the GST treatment on this fee and who should account for GST if the lessons are provided by an employee of the club, a professional or a free-lance instructor?

A14. Horse riding lessons are taxable supplies and therefore the fees are subject to GST at standard-rate. If the lessons are provided by an employee of the club,



then the club itself should account for GST. If the lessons are provided by a professional or free-lance instructor, then such person should account for GST provided he is a GST registered person.

Q15. X association provides library or resource centre services for members and non-member, and imposes a charge/ fee on these services. What is the GST treatment on this charge/ fee?

A15. GST treatment on the charges/ fees pertaining to library or resource centre services is as follows:

- (a) Annual subscription fee, admission charges, non-refundable deposit, photocopying services charges, printing services charges, fax services charges; internet services charges, compensation charges for damages or loss of books or materials borrowed (cost of the books or materials) and reference services charges (to other organizations, university/college students undertaking research) are subject to GST.
- (b) Refundable deposit, penalty for damages or loss of books, fine for each book that is overdue and penalty for replacement card are not subject to GST.

Q16. XYZ organization, a professional association, publishes monthly magazine for subscription at the following rates:

Rate	Per Issue	Per Annum (12 issues)
Malaysia	RM7.00	RM84.00
Singapore	RM9.00	RM108.00
Australia/New Zealand	RM13.00	RM156.00
United Kingdom	RM16.00	RM192.00
United States	RM17.00	RM204.00

- (a) Is the subscription for the magazine subject to GST?
- (b) How does XYZ account for GST?

(c) During promotion, souvenir items such as umbrella, watch, etc. are given as a free gift to the new subscribers. Are these free gifts subject to GST?

- A16. (a) Yes, the subscription of magazine is taxable supply and subject to GST.
- (b) Supply within Malaysia is taxable at standard-rate and supply outside of Malaysia is taxable at zero-rate.
- (c) Gifts (goods) given to new subscribers in a promotional campaign, provided the cost of the gifts does not exceed RM500 per person in a year are not required to be accounted for output tax.

Q17. My organization publishes books, handbooks, compact disc etc. that relates to our aims and main objectives which are given to the public either free of charge or sold at a nominal charge. Are these publications subject to GST?

- A17. Publications are taxable supplies and subject to GST (standard-rated). However, if these publications are circulated outside of Malaysia, they are zero-rated.

Q18. My association rents out rooms, halls and facilities to members and general public. What is the GST treatment on this rental?

- A18. The rental of a room, a hall or facility for weddings, parties and other functions is subject to GST at standard-rate.

Q19. Is the rental of mailing list subject to GST?

- A19. Yes. Rental of mailing list is a taxable supply of service by your organization. But, if the service is provided to an entity belonging outside Malaysia, this supply of service is zero-rated.

Q20. My association rents out space for commercial use in the premise. What is the GST treatment on the rental of the space?

- A20. The rental of the space is subject to GST at standard-rate.

Q21. My association receives donated goods periodically. Excess donated goods are then sold to the general public. What is the GST treatment on these sales?



A21. Sales of donated goods are taxable supplies and subject to GST.

Q22. XYZ is a trade association which provides the following benefits (supplies) to its members. How is the GST treatment on the following benefits?

- (a) Representation of industry's problems and concerns to the Government through representatives in bodies such as MIDA, SIRIM, Task Force on Small and Medium size Industries and others, on issues such as industrial development, technology, trade promotion, quality controls and standards.**
- (b) Free listing in the annual XYZ Directory of Malaysian Industries, which is recognized as the authoritative handbook on manufacturing companies in Malaysia, and widely circulated in Malaysia and overseas**
- (c) Assistance to participate in overseas trade fairs and missions such as facilitate members to penetrate export market, issue and endorse certificate of origin etc.**

A22. (a) Not subject to GST if XYZ (trade association) represents its members for free.

(b) The sale of the handbook is subject to GST. If the handbook is given free from any charge, then it is not subject to GST.

(c) If XYZ (trade association) charge its members for the assistance given, then it is subject to GST. If the members are not being charge (free of charge) for the assistance given by XYZ (the trade association), then it is not subject to GST.

Q23. X Furniture Association, a trade association, organizes furniture exhibition overseas for the purpose of promoting the industry that relates to its aim and objective. Are such promotions subject to GST?

A23. Trade promotion done outside of Malaysia is out-of-scope supply. However, any GST incurred locally in organizing the promotion can be claimed if it involves only administrative work relating to its aim and objective.



Q24. What is GST treatment on goods and services acquired by charitable entities?

A24. Public charitable entities are given relief from the payment of GST to acquire goods (excluding petroleum and imported motor cars) imported or purchased locally under Goods and Services Tax (Relief) Order 2014 subject to conditions as specified under this Order.

Whereas for private charitable entities, only the entity for persons with disabilities registered with the Social Welfare Department or a private charitable entity registered under the Care Centres Act 1993 can be given relief on the acquisition of selected goods as are listed under items 7 and 8, First Schedule of the GST (Relief) Order 2014 subject to the conditions specified.

Q25. My club purchases some goods to be given out as souvenirs or lucky draw prizes to club members or employees. What is the GST treatment on these purchases?

A25. Business gift rule applies for this supply, where a gift of goods made in the course or furtherance of the business made to the same club members or employees in the same year where the cost to the club is not more than RM500 is regarded as non-supply. If the goods cost more than RM500, then it is subject to GST and ITC is claimable.

Q26. Y Company is a local agent appointed to bring a professional golfer for appearance in the Malaysian Open Golf tournament. The local agent is required to pay appearance fee to the golfer. Is the appearance fee subject to GST and who should account for it?

A26. Appearance fee paid to professional sportsman (in this case the golfer) is a consideration for services rendered that is the golfer's appearance in the event. The appearance fee paid by the local agent to professional golfer is deemed to be imported services and subject to GST by way of reverse charge mechanism. *For further information on imported services, please refer to GST General Guide.*

Q27. Associations provide seminars, workshops and conference for its members and the general public for a fee. Members pay at the lower rate than the general public. How do I account for GST?

A27. The fees are subject to GST. For members, GST is to be accounted on the discounted fee.

Q28. ABC Association, a non-profit organization occasionally invites a foreign speaker to present papers for its seminars, conferences organized for its members and the general public. ABC pays for the speaker's accommodation, meals and traveling allowances including professional/ appearance fee. Does ABC have to account for GST on such payment?

A28. If ABC is registered under GST, he has to account for GST on the payment made. On the professional fee, it is to be accounted by way of reverse charge mechanism as it is regarded as an imported service.

Q29. A Football Association in Malaysia, a GST registered person, imports a professional footballer to play for the Association in the Malaysian Football League on a contractual basis. The Association pays a transfer fee to the former employer of the footballer overseas and pay salary and allowances to the footballer while on contract with the Association. What is the GST treatment on the transfer fee, salary and allowances? Who should account for the GST?

A29. The service by the footballer to play for the Association is regarded as an imported service and the Association has to account for the GST by way of reverse charge mechanism. A contract of employment is not regarded as business. Thus, the salary and allowances paid to the footballer are not subject to GST.

Q30. My club rents out space in the club's premises to a restaurant operator and there is a lease agreement which requires a certain amount of deposit to be paid by the restaurant operator to the club. Does the club need to account for GST on the deposit?

A30. When you enter into a lease agreement, you may collect rental deposit from your tenant as a form of security. You do not have to charge and account for GST on the rental deposit if it is refundable upon completion of the lease term.

However, if you subsequently use the whole part or part of the deposit to offset against any rent payable, this amount is subject to GST. You have to account for the GST at the time you utilize the amount to offset against the rental.

If you forfeit the deposit according to the provisions of the lease agreement where there is an early termination of lease, you do not have to account for GST if it is compensatory in nature. If the forfeiture is a form of settlement for your surrender of right to continue the tenancy with the tenant, you have to account for GST.

Q31. Are takings from a coin operated vending machine located at an association or club's premise subject to GST? Who should account for it?

A31. Supplies from a coin operated machine e.g. snacks and drinks are subject to GST. GST on the takings must be accounted by the person who supplies the use of the vending machine to the customer. GST has to be accounted at the time the coins are removed from the machine. As for the association or society, it has to charge GST to the supplier on rental of the space where the machine is placed or has to account for GST on any commissions received.

FEEDBACK AND COMMENTS

36. Any feedback or comments will be greatly appreciated. Please email your feedback or comments to either Suppiah a/l Ayahoo (suppiah.ayahoo@customs.gov.my), Abd. Razak bin Ahmad Arshad (razak.arshad@customs.gov.my) or Roslan bin Akibon (roslan.akibon@customs.gov.my).

FURTHER ASSISTANCE AND INFORMATION

37. Further information can be obtained from:



- (a) GST Website: www.gst.customs.gov.my
- (b) GST Hotline: 03-88822111
- (c) Customs Call Centre:
 - Tel : 03-7806 7200/ 1-300-888-500
 - Fax : 03-7806 7599
 - E-mail : ccc@customs.gov.my

