



ROYAL MALAYSIAN CUSTOMS

GOODS AND SERVICES TAX

GUIDE ON TRANSITIONAL RULES

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INTRODUCTION

1. This guide is prepared to assist you in understanding the Goods and Services Tax (GST) and its implications during the transitional period from the sales tax and service tax system to the GST system.

Overview of Goods and Services Tax (GST)

2. 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, it is ultimately passed on to the final consumer. Therefore, the tax itself is not a cost to the intermediaries and does not appear as an expense item in their financial statements.

4. In Malaysia, a person who is registered under the Goods and Services Tax Act 2014 is known as “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 input tax credit on any GST (input tax) incurred on his purchases which are inputs to his business. Thus, this mechanism would avoid double taxation as only the value added at each stage is taxed.

GENERAL RULE

5. The general rule is that GST is payable on supplies of goods and services made on or after 1 April 2015 and that sales tax and service tax do not apply to those transactions. Likewise, input tax incurred can only be claimed on acquisitions or purchases made on or after 1 April 2015.

REPEAL OF SALES TAX ACT 1972 AND SERVICE TAX 1975

Repeal with Saving Provision



6. With the coming into force of the GST, the Sales Tax Act 1972 and the Service Tax Act 1975 are repealed with the saving of certain provisions for the levying, payment, assessment, remission, or recovery of sales tax or service tax which are due and payable and also provision for refund of such taxes which were overpaid or erroneously paid. Therefore, the sales tax and service tax shall not be charged with effect from 1 April 2015. The Sales tax and service tax licensees will cease to be registered under Sales Tax Act 1972 and Service Tax Act 1975 and those licensees whose annual turnover exceeds RM500,000 will be mandatorily required to be registered under the GST law while others may choose to be a registered person under the GST system. In addition, the facilities and exemptions given under Sales Tax Act 1972 and Service Tax Act 1975 will cease to be effective.

7. Examples of the implementation of a saving provisions under Sales Tax Act 1972 on or after 1 April 2015 are:

- (a) any claims of overpayment of sales tax made before 1 April 2015;
- (b) where a claimant has paid sales tax before 1 April 2015 prior to the decision to remit the taxes made on or after 1 April 2015, the claimant can claim a refund of the taxes paid;
- (c) credit notes issued on or after 1 April 2015 for the return of goods under section 31B of the Sales Tax Act 1972 and regulation 19C of the Sales Tax Regulations 1972 which were supplied before 1 April 2015;
or
- (d) any sales tax due or any liability incurred (offences committed under the Act) before 1 April 2015 will be collected on or after 1 April 2015.

Sales Tax Become Due and Payable

8. If a sales tax licensee is not a registered person on 1 April 2015:

- (a) he is required to account and pay sales tax on:
 - (i) raw materials and components held on hand on 1 April 2015 that he had acquired free from sales tax (section 9 of the Sales Tax 1972);



- (ii) raw materials and components held on hand which he had claimed deduction of sales tax under the credit system (section 31A of the Sales Tax Act, 1972);
 - (iii) goods which are exempted from sales tax under section 10 of the Sales Tax Act 1972; and
 - (iv) finished and semi finished goods held on 1 April 2015.
- (b) he is required to account for sales tax on goods he had supplied before 1 April 2015 where the invoice is issued or payment is received for that supply on or after 1 April 2015; and
- (c) the amount of sales tax due and payable on those goods shall be made in his sales tax return (CJP No.1) for his last taxable period and furnished to the Director General not later than 28 days after 1 April 2015.

9. However, if the sales tax licensees are registered under GST on 1 April 2015, there will be no liability on them to account for sales tax on such goods when the last sales tax return is submitted in his last taxable period.

Service Tax Becomes Due and Payable

10. A service tax licensee irrespective of whether he becomes a registered person or not, is required to furnish his service tax return (CJP No.1) for his last taxable period and state the amount of service tax payable in his CJP No.1:

- (a) the amount of service tax not received from his clients (either for the whole or part of any payment) for taxable services provided preceding the last taxable period and the service tax has remain unpaid exceeding 12 calendar months from the date of the invoice.
- (b) the amount of service tax not received from his clients (either for the whole or part of any payment) for taxable services provided preceding the last taxable period and the service tax has remained unpaid but have not exceed 12 calendar months from the date of invoice.
- (c) the amount of service tax on all taxable services provided in his last

taxable period.

- (d) the amount of service tax on all taxable services where the invoice is issued or payment is received before 1 April 2015 for a supply to be made on or after 1 April 2015.

11. The return CJP No.1 (refer section 12 of the Service Tax Act 1975) for his 'last taxable period' shall be furnished to the Director General:

- (a) not later than 28 days after 1 April 2015; or
- (b) any longer period not later than 31 May 2015 subject to approval by the Director General.

12. The amount of service tax stated in CJP No.1 for the last taxable period shall be paid in accordance with section 14 of the Service Tax Act 1975.

13. The service tax licensee is required to state and pay service tax due and payable under section 14 Service Tax Act 1975 on or after 1 April 2015 using 'Lampiran SP 3D', as attached in Appendix 1. The 'Lampiran SP 3D' is required to be furnished to the Director General not later than the 28th day of the month following the month where the service tax becomes due and payable.

14. If no payment is received for the taxable service within 12 calendar month from the date of the invoice, in accordance with section 14(2) of the Service Tax Act 1975, the service tax licensee is required to pay the outstanding amount of service tax due and payable using 'Lampiran SP 3D'.

Example 1

ABC Company has the following paid and unpaid taxes up to 1 April 2015 to be declared in his last return in the last taxable period:

- (i) *Service tax of RM10,000 which was collected in the last taxable period.*
- (ii) *Service tax of RM20,000 charged for an invoice issued on 1 April 2014 and no payment received from his customer.*
- (iii) *Service tax of RM15,000 charged for an invoice issued on 1*

September 2014 and no payment received from his customer.

ABC Company submits his CJP No.1 for his last taxable period on 15 April 2015 and states (i) – (iii) in his return and is required to pay service tax of RM30,000 (RM10,000 + RM20,000) no later than 28 April 2015. The balance service tax amounting to RM15,000 will become payable when he receives payment from his customers subject to the twelve months period rule under section 14(2), Service Tax Act 1975. If by 31 August 2015, he does not receive any payment from his customer, he becomes accountable for the service tax as of 1 September 2015. ABC must pay the service tax using Lampiran SP 3D no later than 28 October 2015.

Last Taxable Period

15. The *last taxable period* means either a period of two calendar months ending on 1 April 2015 or part of it ending on 1 April 2015.

Refund for Bad Debt

16. Generally, a licensee under the Sales Tax Act 1972 or the taxable person under the Service Tax Act 1975 is eligible to claim bad debt refund under section 31C and 31D Sales Tax Act 1972 or section 21B and 21C Service Tax Act 1975 on or after 1 April 2015 provided he is eligible for the refund before 1 April 2015. This rule applies irrespective of whether he becomes a registered person or not. Regulation 19D Sales Tax Regulation 1972 and 16A Service Tax Regulation 1975 applies. See **TABLE 1**.

TABLE 1: Refund for Bad debt

Good or services supplied before AD, the supplier has	Supplier is not a registered person and is	Supplier is a registered person and is
<ul style="list-style-type: none"> • paid all the sales tax or service tax • made efforts to recover the bad debt • debt has been provided in accounts as a doubtful debt or written off as bad debt. 	<ul style="list-style-type: none"> • eligible before AD to claim bad debt refund, is allowed to claim sales tax [regulation 19D(1)(a), Sales Tax Regulations 1972]. • eligible to claim from AD up to 6 years from the date sales tax has been paid. • required to account for sales tax claimed if he subsequently collects the tax after a refund had been made. 	
<p>Same rules applies for service tax: Provisions to claim for refund are section 21B, 21C Service Tax Act 1975 and manner to claim is in regulation 16A Service Tax Regulations 1975.</p>		

Taxable Goods Sold Before 1 April 2015 and Returned On or After 1 April 2015

17. Where a sales tax licensed manufacturer sold taxable goods on which sales tax has been paid before 1 April 2015 and his customer subsequently returns the same taxable goods to him on or after 1 April 2015, he may claim the sales tax he refunds to his customer using the provisions under Section 31A of the Sales Tax Act 1972 and Regulations 19C of the Sales Tax Regulations 1972. The manufacturer may claim the amount of sales tax by using the form JKED No.2.

18. If the customer has claimed a special refund for the taxable goods which were subsequently returned to the licensed manufacturer, the customer is required to account for the special refund he had claimed as his output tax in the taxable period in which the taxable goods are returned.

19. Goods returned refers to goods sold in the wrong quantity, poor or defective quality, and uncontracted goods but excludes goods returned for repair or rework.

20. However, if the goods were not sold but used or disposed of by the claimant, then the claimant shall be subjected to the related provisions of the Act on such matters.

Taxable Service Provided Before 1 April 2015 and Terminated On Or After 1 April 2015

21. Where a customer receives taxable services under the Service Tax Act 1975 before 1 April 2015, on which service tax has been paid, terminates or cancels such services on or after 1 April 2015, the service tax licensee is eligible for a refund of the service tax provided the licensee has:

- (a) fully paid the service tax
- (b) issued a credit note for the terminated/cancelled taxable service
- (c) refunded the amount of service tax to his customer; and
- (d) made a claim for a refund of service tax within 12 months from the date service tax was paid by using the customs form JKED No. 2.

22. Where a supply of goods or services is made for a period or progressively over a period before and ends on or after 1 April 2015, the proportion of the supply which attributes to the period on and after 1 April 2015 shall be subject to GST.

23. However, the supply will not be subject to GST if the amount of:

- (a) sales tax charged on the sale of goods has been paid to the extent covered by the invoice; or
- (b) service tax charged on the supply of services has been paid to the extent covered by the payment or the invoice.

Example 2

A person checks into a hotel on 22 March 2015 and checks out on 7 April 2015. There is no GST charged on the supply of lodging made for the period 22 March 2015 to 31 March 2015. However, there is GST chargeable on the supply of lodging for the period 1 April 2015 to 7 April 2015.

24. The GST treatment for any contract with no opportunity to review will not be treated in the same manner as in paragraph 22.



PROGRESSIVE AND PERIODIC SUPPLY SPANNING GST IMPLEMENTATION

Supply Of Taxable Goods Or Taxable Services Made Before 1 April 2015 and Payment Is Received Or Invoice Is Issued On Or After 1 April 2015.

25. For any supply of taxable goods by a licensee under the Sales Tax Act 1972 and any supply of services by a taxable person under the Service Tax Act 1975 made before 1 April 2015 are subject to sales tax and service tax respectively. Hence, the invoice issued or payment received on or after 1 April 2015 for those supplies shall be inclusive of sales tax or service tax.

26. However, if the supplies are made on or after 1 April 2015, the taxable person under this Act is not required to charge GST on the supplies to the extent covered by the invoice, if he, before 1 April 2015:

- (a) has issued an invoice on which sales tax is charged on the sale of any taxable goods or service tax is charged on the provision of taxable service; or
- (b) he has received payment of sales tax or service tax.

Supply of Goods or Services Not Subject To Sales Tax And Service Tax

27. Generally, the supply of non-taxable goods or services before 1 April 2015 is not subject to sales tax or service tax but such supplies if they were made on or after 1 April 2015 are subject to GST.

- (a) GST liability
 - (i) If such supplies are made before 1 April 2015 where the invoice is issued or payment is received on or after 1 April 2015, the consideration for the supplies is not subject to GST.
 - (ii) If such supplies are made before 1 April 2015 and ends on or after 1 April 2015 (spanning 1 April 2015) where the invoice is issued or payment is received on or after 1 April 2015, the proportion of supplies made on or after 1 April 2015 is subject to GST.



- (iii) If such supplies are made on or after 1 April 2015 where the invoice is issued or payment is made before 1 April 2015, the consideration for the supplies is deemed inclusive of GST.
- (iv) If such supplies are made before 1 April 2015 and ends on or after 1 April 2015 (spanning 1 April 2015) where the invoice is issued or payment is received before 1 April 2015, the consideration for the supplies is deemed inclusive of GST for the proportion of supplies made on or after 1 April 2015.

(b) Input tax entitlement

The recipient of the goods or services is entitled to claim the input tax under (iii) and (iv) if he possesses an invoice as illustrated below. In addition, he must possess documents to show that the acquisitions where made on or after 1 April 2015.

28. An illustration of an invoice deemed inclusive of GST is shown in **TABLE 2**.

Example 3

Sen Heap Mart purchased goods worth RM45,000 from ABN Electrical Appliances on 29 March 2014 and delivery is made on 3 April 2015.

*The invoice in **TABLE 2** is deemed issued in ABN's first taxable period after 1 April 2015. ABN must account for GST amounting to RM2,547.17 ($RM45,000.00 \times 6/106$) and Sen Heap is entitled to claim input tax of RM2,547.17 if this purchase is attributable to making a taxable supply by Sen Heap on or after 1 April 2015.*

TABLE 2: Model of invoice issued deemed inclusive of GST

INVOICE			
ABN Electrical Appliances 31 Jalan SS 21/7A, 46300 Petaling Jaya, Selangor		Invoice no: 11010 Date: 29 March 2014 GST Registration No: 1234566	
Sold to: Sen Heap Mart 14 Jalan SS 3/2 46000 Petaling Jaya, Selangor		GST Registration No: 126547	
QTY	Description	Price/Unit (RM)	Total (RM)
10	Camera	1500	15,000
15	Laptop	2000	30,000
	Total		45,000

SUPPLIES MADE BEFORE AND AFTER 1 APRIL 2015

General

29. Generally, GST is not charged on any supply made before 1 April 2015 even though the whole or part payment is made on or after 1 April 2015 or an invoice is issued on or after 1 April 2015. However, GST is charged on any supply of goods made on or after 1 April 2015 even though the whole or part payment is made before 1 April 2015 or an invoice is issued before 1 April 2015. For services, GST is charged on any supply of services performed on or after 1 April 2015.

Time of Supply Goods

30. The time of supply for goods made on or after 1 April 2015 is treated as taken place at the time:

- (a) when the goods are removed; or
- (b) when the goods are made available to the person to whom the goods



are supplied if the goods are not to be removed.

Example 4

Seng Furniture sells a settee set to Mr. Lim and he pays the full consideration to Seng Furniture on 30 March 2015. Seng Furniture immediately transports it to Mr. Lim's house. The time of supply is 30 March 2015, i.e. when the settee is physically removed from the supplier's premises and therefore, the supply is not subject to GST.

Example 5

Elegance Furniture sells a dining table set to Samaria Catering on 30 March 2015. Elegance Furniture immediately places a "sold" sticker on the dining table set. Samaria pays the full consideration of the set. Due to the festive holidays, Elegance Furniture is unable to deliver the set to Samaria's office on 30 March 2015 and delivers the set on 3 April 2015. The sale of the dining table set is not subject to GST although it is delivered on 3 April 2015 because it is already made available on 30 March 2015.

- (c) In the case of supply of goods sent, taken on approval, on a sale or return (goods on consignment), the time of supply is when it becomes certain that a taxable supply has taken place or twelve months after the removal whichever is the earlier.

Example 6

Noodles Marketing Sdn Bhd consigns 100 cartons of instant noodles to Hiber Supermarket on 29 March 2015. Hiber sells 60 cartons on 30 March 2015 and 40 cartons on 1 April 2015. Then, Hiber issues a statement of sales to Noodle Marketing Sdn Bhd. The supply of 60 cartons is not subject to GST while the supply of 40 cartons is subject to GST.

- (d) For goods imported, the time of supply is when the goods are released from customs control. Goods that are imported before 1 April 2015 and released from customs control on or after 1 April 2015 will be subject to GST. However, if the importation occurs and the goods are released from customs control before 1 April 2015, it will not be subject to GST

but it will be subject to sales tax if the goods are taxable goods under the Sales Tax Act 1972.

Example 7

Adidas imports sport shoes on 30 March 2015 and the shoes are kept in the bonded warehouse in Port Klang. They were released from customs control on 5 April 2015 and Adidas has to account for GST on that importation.

Time of Supply for Services

31. For services, the time of supply is treated as taken place at the time when the services are performed.

Example 8

On 10 December 2012. Rani purchases a fire policy to insure her house for the period of 1 April 2015 to 30 March 2016. Rani pays the consideration in full. Since the fire protection cover begins on 1 April 2015, the supply of insurance services is subject to GST.

VALUE OF A SUPPLY

32. For the purpose of determining the value of a supply made on or after 1 April 2015 where any payment received or an amount stated in an invoice issued for that supply is made before 1 April 2015, such payment received or invoice issued shall be deemed to be tax inclusive.

33. Such supplies refer to supply of goods which are not subject to sales tax and supply of services which are not subject to service tax and may include supplies which spans 1 April 2015

34. For such payments or invoices which are deemed to be tax inclusive, the payments are taken to have been received or the invoices are taken to have been issued during the first taxable period after 1 April 2015 for the purpose of attributing output tax or input tax.

REGISTRATION BEFORE 1 APRIL 2015

35. Businesses carrying on a taxable activity or who intends to do so may register for GST if he has reasonable grounds to believe that the total value of his taxable supplies in the month of 1 April 2015 and eleven months immediately succeeding that month will exceed the threshold of RM500,000. However, if that amount does not exceed the threshold, it would be reasonable to examine if the value of taxable supplies in the month of April 2015 and eleven months preceding that month exceeds the threshold. If it does, a business may be required to register for GST based on 'historical' turnover.

36. Businesses carrying on a taxable activity may choose to register even if their turnover is below the prescribed threshold and may begin their registration as early as six months before 1 April 2015. The registered person will be given a GST registration number upon registration. However, with this early registration, the businesses are not allowed to charge or levy GST until 1 April 2015.

37. Businesses may make an application manually in the prescribed form or use electronic services available at www.gst.customs.gov.my and be registered with effect from 1 April 2015.

SPECIAL REFUND FOR GOODS HELD ON HAND

Eligibility

38. A person is entitled to a special refund on goods held on hand on 1 April 2015 provided that he fulfils the following conditions:-

- (a) the claimant must be a person who is required to register mandatorily under GST. If he fails to be registered by 1 April 2015, he is not eligible for the refund. A person who voluntarily registers for GST is not eligible for the special refund;
- (b) the goods held on hand on 1 April 2015 are for the purposes of making taxable supplies;
- (c) the goods are subjected to sales tax and sales tax has been paid by



- the claimant before 1 April 2015;
- (d) the claimant must hold the relevant supplier's invoice proving that he is the recipient of the goods for which sales tax has been paid; and
 - (e) for imported goods held on hand, the claimant must hold relevant documents to prove that he is the importer or consignee or owner of the goods for which sales tax has been paid.

Twenty Percent Method

39. In certain cases, the eligible claimant is unable to show proof that sales tax has been charged on the taxable goods he holds on hand on 1 April 2015. This usually applies to claimants who purchase goods from traders. Under such circumstances, where sales tax is not stated in the invoice, the amount of special refund may be claimed using the formula below:

$$\text{Special Refund} = \text{Purchase Price} \times 20\% \times \text{Sales Tax Rate Applicable}$$

40. This method reduces the total purchase price by 80% to arrive at an estimated taxable value on which tax would have been charged to the claimant. However, the claimant must ensure that the invoiced value of the goods he holds on 1 April 2015 has been fully paid.

Example 9

In February 2015, a GST registered plumber purchased a marble wash basin from a retail hardware store for fitting in a customer's home. This item is held on hand at the start of 1 April 2015. However, the invoice from the hardware store does not show the amount of sales tax chargeable. The plumber's purchase price is RM1,900 and the sales tax rate is 10%. The special refund claimable is:

$$\begin{aligned} \text{Special Refund} &= \text{Purchase Price} \times 20\% \times \text{Sales Tax Rate} \\ &= \text{RM1,900} \times 20\% \times 10\% \\ &= \text{RM38} \end{aligned}$$

Stock Count

41. A person claiming the special refund is required to perform a stock count / undertake a physical stock take of the goods held on hand on 1 April 2015. However, if the stock count is not done on 1 April 2015, they are allowed to use the results of stock count which has been performed in the past 6 months from 1 April 2015 and then applying the roll forward method to arrive at the stock balances on 1 April 2015. Alternatively, a stock count can be performed in a period no later than 6 months after 1 April 2015 and then applying the roll backward method.

42. Under all circumstances, a stock count must be performed within the stipulated time periods, otherwise no special refund will be approved.

43. A person claiming the special refund has to identify the amount of sales tax paid on those goods from stock take. If the amount of special refund is:

- (i) less than RM10,000, the claimant is required to furnish an audit certificate signed by a chartered accountant certifying the amount of the special refund; or
- (ii) RM10,000 or more, the claimant is required to furnish an audit certificate signed by an approved company auditor under section 8 of the Companies Act 1965 certifying the amount of the special refund.

44. The claimant must prepare the information related to the special refund claim in the format as attached in Appendix 2. This special refund information has to be certified and signed by both the Director of the company and the Company Auditor / Chartered Accountant. This record and all of the supporting documents must be kept by the claimant for the purpose of GST audit.

45. The approved company auditor has to issue a special refund audit certificate to certify that an ISAE 3000 assurance engagement has been performed and that the claimant's special refund information is prepared in accordance with the requirement of section 190 and section 191 of the GST Act 2014. A sample of the audit certificate is as attached in Appendix 3.

46. The value of the goods held on hand on 1 April 2015 for purposes of the special refund can be ascertained as follows:



(a) **Specific identification**

If the goods held on hand on 1 April 2015 can be attributed to invoice or Customs No.1 form, based on specific description, series, products numbers, brands or other specific identification, such invoice or Customs Form No.1 shall be used.

Example 10

Goods with serial number ABC123 and the related invoices are invoices issued on 3 February 2014 where the serial number of ABC123 appeared on the invoices. The value in such invoices can be used for the special refund.

(b) **First in First out (FIFO)**

If the goods held on hand on 1 April 2015 can be directly associated with many invoices due to general product description, value on the latest invoice before the 1 April 2015 shall be used. If the quantity of goods held on hand exceeds the quantity stated in such invoice, the value for the remaining number of goods should be based on the quantity that can be covered in the previous invoices issued in sequence prior to the final invoice before the 1 April 2015.

Example 11

Total goods held on hand on 1st April 2015		Related Invoice			Sales Tax Paid
Description	Quantity	Date	Quantity	Price per unit (RM)	Per unit (RM)
<i>Sandal</i>	<i>3000 unit</i>	<i>1st March 2015</i>	<i>800 unit</i>	<i>2.00</i>	<i>0.20</i>
		<i>15th Dec 2014</i>	<i>1,500 unit</i>	<i>1.80</i>	<i>0.18</i>
		<i>1st Jun 2014</i>	<i>2,500 unit</i>	<i>1.70</i>	<i>0.17</i>
<p><i>The value for claiming special refund –</i> $(800 \times \text{RM}0.20) + (1,500 \times \text{RM}0.18) + (700 \times \text{RM}0.17) = \text{RM}549$</p>					

47. For invoice which does not show that the sales tax has been charged on taxable goods, the value determined as in para 46 can only be used when payment



to the supplier on the invoiced amount has been made before 1 April 2015.

Example 12

From the above example, if the latest invoice before 1 April 2015 (1 March 2015) has not been paid by a taxable person, the value for claiming special refund will be -

$$(1,500 \times RM0.18) + (700 \times RM0.17) = RM389$$

Manner of Refund

48. The claimant must submit his claim within six months from 1 April 2015. Submission of claims are only allowed online [through the taxpayer access point (TAP)] at the GST Portal at www.gst.customs.gov.my. The claimant is entitled to claim once within that period and no corrections are allowed on the said claim after submission.

49. The special refund amount approved by the Director General will be used to offset against any unpaid GST, sales tax, service tax, custom duties, excise duties, penalties, surcharge and any other money payable under those related acts. The balance of special refund amount will subsequently be refunded on a quarterly basis over a period of two years irrespective of the taxable period the claimant has been assigned to i.e. monthly or quarterly taxable period. Further deductions may be made if any further unpaid taxes, penalties, etc. is found.

50. If the claim is false, inaccurate, misleading or misrepresented, the Director General has the right to withhold the unpaid refund and consequently, if there is any contravention of the conditions for entitlement, the claimant is taken not to have been entitled to a special refund and the Director General will recover the amount refunded and deny the claim accordingly.

51. The claimant must keep records to substantiate the claim e.g. record on quantity of goods held on hand at the start of 1 April 2015. Such records must be kept for seven (7) years from the date on which the claim was made.

52. If the claimant has been refunded for the special refund on goods he holds on 1 April 2015 and he subsequently returns the same goods to the supplier, he must



account for the special refund in relation to such goods as his output tax in his return for the taxable period in which the goods were returned. Records such as notice for return of goods by the claimant, credit note from his supplier or debit note raised by the claimant if no credit note was raised by his supplier and the related invoice of sale must be kept as written evidence.

Goods Not Entitled For Special Refund

53. The following goods held on hand are not entitled for special refund:

- (a) goods that have been partially used or incorporated into some other goods (including work in progress) produced by a registered person;
 - (i) examples of goods which have been partially used are packing materials, plastic sheets used for packing goods, labels, price tags, used display items/demo items handled by customers;
 - (ii) examples of good partially incorporated into some other goods or finished products raw materials which are directly used or incorporated into finished products such as textile and buttons used in the manufacture of garments and veneer sheets and glue used in the production of plywood.
- (b) goods held for hire, goods held for other than business and goods not for sale or exchange:
 - (i) examples of goods held for hire may be used or new stocks made available for hire for a fee or temporary use for a fee or rent to any hirer e.g. a contractor hires a generator to be used at a construction site. Hired goods also include goods hired out by the telecommunication operators e.g. telephones, decoders, etc., which will become the property of the hirer after the end of the contractual period.
 - (ii) examples of goods held other than business are goods used for personal consumption or goods purchased for hobbies such as literature books and collector's items (coins, paintings or stamps).

- (iii) examples of goods not for sale or exchange includes:
- consumables e.g. stationaries, cleaning rags, air conditioners, lubricants, grease, office furniture;
 - goods not used directly in the manufacturing process or related in the making of finished goods of the claimant;
 - goods destroyed, consumed or expended by use in carrying on a business; and
 - goods which had been used or second-hand goods held before 1 April 2015 and were for a purpose other than for sale before 1 April 2015 e.g. used factory equipment and machinery.
- (c) capital assets of a registered person's business capitalized in accordance with generally accepted accounting practice.
- (d) goods purchased with sales tax before 1 April 2015 and subsequently exported on or after that date and a claim for drawback made under section 29 of the Sales Tax Act 1972.
- (e) goods held on hand on which the claimant is allowed to claim sales tax deduction under section 31A of the Sales Tax Act 1972 i.e. sales tax deduction under the credit system facility.
- (f) Petrol, Diesel and Liquefied Petroleum Gas (LPG) which are scheduled controlled goods where their prices are regulated administratively under the Control Of Supplies Act 1961 and Control Of Supplies Regulations 1974.

SUPPLIES MADE PURSUANT TO CONTRACT WITH NO OPPORTUNITY TO REVIEW

54. Transitional rules have been introduced to deal with contracts and agreements entered into prior to 1 April 2015. The GST impact on them will depend on whether contracts have opportunity to review or no opportunity to review on or after 1 April 2015.



Supplies Made Pursuant To Contracts with Opportunity to Review

55. A "reviewable contract" is a written contract, not being a contract where there is no opportunity to review, which provides for a general review of the consideration or contemplates a change to the price or consideration of the goods and services to be supplied under the contract.

56. The review opportunity must be a 'total' review and not of a specific part or parts of the consideration payable under the agreement. Hence, that a review opportunity arises only if the whole or nearly all of the consideration for a supply is capable of review.

Example 13

An increase in the consideration that is stipulated in the original contract, such as an increasing rent scale, a market rent review or Retail Price Index cost of living increase, is not regarded as a review opportunity.

57. The provision of goods and services under a "reviewable contract" can be zero-rated until its first opportunity for review or for a period of five (5) years after 1 April 2015, whichever is the earlier if:

- (a) both supplier and recipient to the contract are GST registered persons;
- (b) the contracted supply is a taxable supply;
- (c) the contract must have been irrevocably in place and agreed by all parties to it not less than two (2) years before 1 April 2015; and
- (d) the recipient of the contracted supply is making wholly taxable supplies.

Example 14

A ten year business supply contract was made on 1 January 2013 and provides for a market review to be made every five years. If the review is to be made every five years i.e. 1 January 2018, supplies made from 1 April 2015 till 31 December 2017 will be zero rated and supplies made from 1 January 2018 will be subject to GST at a rate of 6%.

Example 15

If you sign a reviewable contract for 6 years w.e.f. 10 June 2012 with an option to review the price after 4 years, you can only zero rate your supplies from 1 April 2015 to 9 June 2016. From 10 June 2016 onwards, you must charge GST on your supplies.

Example 16

If you sign a reviewable contract for 10 years w.e.f. 10 June 2012 with an option to review in the 4th year where there is no review of the price or consideration of the goods and services to be supplied under the contract, you can zero rate your supplies for 5 years effective from 1 April 2015 onwards.

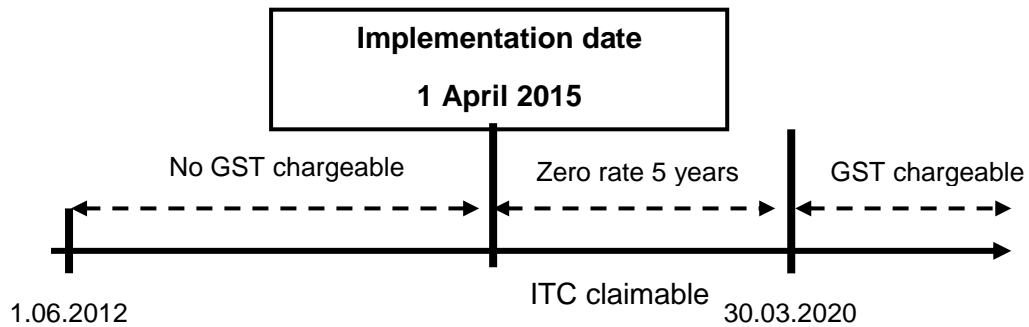
Supplies Made Pursuant To Contracts with No Opportunity to Review

58. A contract with no opportunity to review is where there is no specific provision to review the price or consideration of the supply. For GST purposes, business takes the liability for GST in respect of taxable supplies made on or after the introduction of GST.

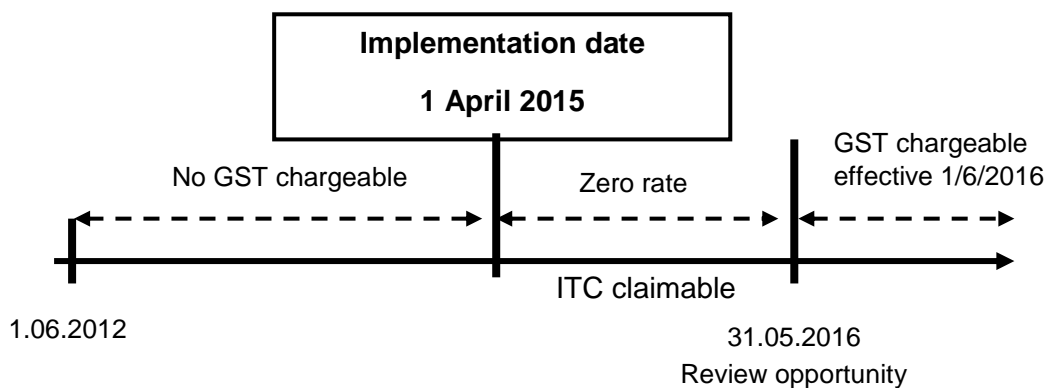
59. Taxable supplies made under such contracts are treated as zero rated supplies for a period of five (5) years from the date of implementation of GST or when a review opportunity arises, whichever is the earlier if:-

- (a) both supplier and recipient to the contract are GST registered persons;
- (b) the contracted supply is a taxable supply;
- (c) the contract must have been irrevocably in place and agreed by all parties to it not less than two (2) years before 1 April 2015; and
- (d) the recipient of the contracted supply is himself making wholly taxable supplies.

60. After the expiry of the five (5) years period, the taxable supply will be subject to GST if the contracting parties still have no opportunity to review the contract.



61. If the contracting parties have an opportunity to review the contract, the supply will be subject to GST when the first review opportunity arises.



62. If the supplier decides not to renegotiate the value of the supply when the first review opportunity arises, the GST payable (6%) is the tax fraction of the value of the supply.

Example 17

A contract with no opportunity to review for GST purposes was made on 20 May 2012. The contract is for a supply of children garments over a period of 4 years beginning from 15 June 2012 at a fixed price of RM600,000 a month for 3 years after which the price may be renegotiated. Payment is made each month upon delivery of the garments i.e. every 15th day of the month. Supplier is on a monthly taxable period.

The supply of garments is a taxable supply at 0% from 1 April 2015 until the end of the contract.

If the prices for the month of June 2015 onwards is reviewed by the supplier and changed to RM650,000 (inclusive of GST), the GST liability till the end of



the contract is as follows:

GST Return for...	Payment for supplies	GST rate	GST Payable
<i>April 2015</i>	<i>600,000</i>	<i>0%</i>	<i>Nil</i>
<i>May 2015</i>	<i>600,000</i>	<i>0%</i>	<i>Nil</i>
<i>June 2015</i>	<i>650,000</i>	<i>6%</i>	<i>36792.45</i>
<i>July 2015 onwards</i>	<i>605,000</i>	<i>6%</i>	<i>36,792.45</i>

63. However, if there is a variation to a long-term non-reviewable contract before the expiry of the five (5) years period that only revises the price for supplies to be made on or after such period, this review will not affect the zero-rated treatment of the contract before such time.

GST Chargeability on Supplies Made On or Before The End Of The Expiry Of The Five Year Period

64. Since the implementation of GST is on 1 April 2015, the expiry of the five (5) years zero rate period is 31 March 2020; hence the GST chargeability is as shown in the third column in **TABLE 3**.

TABLE 3: Chargeable to GST Upon Expiry of Zero Rating

Time of Supply			GST Treatment
Case	On or before 1 April 2020	After 1 April 2020	After 1 April 2020
1.	Supply of taxable goods removed made available and taxable services performed	Tax invoice issued or payment received	Zero rated supply
2.	Tax invoice issued or payment received	Supply of taxable goods removed made available and taxable services performed	Standard rated supply

Example 18

LG Electronics provided repair services to a client for the month of March 2020. LG issued a tax invoice to his client for the services rendered for the

month of March 2019 on 5 April 2019. LG can still charge GST at 0% in respect of the repair services provided for in March 2020.

Example 19

LG Electronics delivered goods to his customer on 5 April 2020. Before that, his customer already made an advance payment on 27 March 2020 for the goods. LG cannot zero rate the supply as the delivery of the goods will only take place after 1 April 2020.

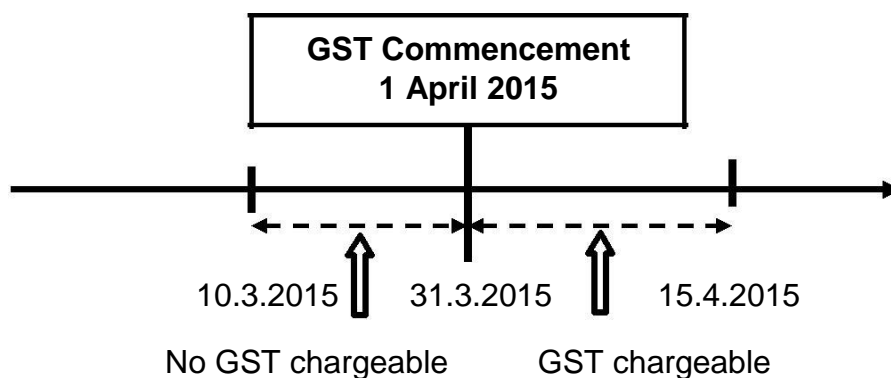
PERIODIC OR PROGRESSIVE SUPPLIES

65. If there is a continuous supply of goods or 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. The supply is taken to be made on a continuous and uniform basis throughout the period.

66. If a taxable person makes a continuous supply of goods spanning 1 April 2015, he has to apportion the supply and charge GST accordingly.

Example 20

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



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

Value chargeable to GST = $RM200 / 37 \text{ days} \times 15 \text{ days}$

= **RM81.08**

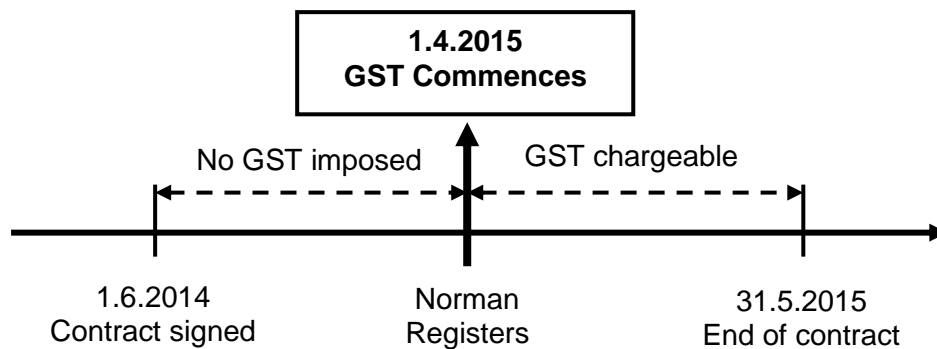
GST 6% = **RM4.86**



67. The same GST treatment will apply for a supply of service made on a periodic or progressive basis over a period that spans 1 April 2015.

Example 21

Norman who is registered for GST has a twelve month contract with Putra Jaya Holdings to maintain lawns and gardens. Norman's landscaping fee is RM10,000. Norman's supply of landscaping services is subject to GST at a standard rate on the pro-rated value of the contract for the supply made on and after 1 April 2015.



Fee subject to GST: *RM10,000 /12 x 2 months*
= RM1,666.67

GST 6% **= RM100.00**

Example 22

After entering into a deal to build a RM1,340,000 commercial complex, a written S&P was signed in January 2015. On 15 May 2015, the purchaser requests that the flooring on the 2nd level to be upgraded to hardwood. The amount payable for the upgrade is not included in the written agreement. The charge for the upgrade by the builder is RM140,000. The ownership and possession will be transferred on 30 September 2015.

The upgrade activity is a separate supply from the S&P signed. The builder issues a separate invoice for the upgrade RM140,000 on 20 May 2015 to the purchaser and he pays the amount the following day.



TABLE 4: GST liability on building of commercial complex

Payment schedule (invoicing)		Date payment due from purchaser	Modifications by purchaser	GST liability
1st	500,000	28 February 2015	NA	0
GST implementation 1 April 2015				
Additional	140,000	14 May 2015	Upgrade flooring May2014 RM140,000	8,400

Payment schedule(invoicing)		Date payment due from purchaser	Modifications by purchaser	GST liability
2nd	500,000	30 June 2015		22,131.15
3rd	340,000	31 August 2015	NA	20,400
TOTAL	1,480,000	Hand over in 30 September 2015		Total 51,114

Notes:

(i) No GST imposed on 1st payment (RM500,000)

(ii) GST on 2nd payment:

$$GST = [(90/122) \times RM500,000 \times 6\%]$$

$$= RM368,852.46 \times 6\%$$

$$= RM22,131.15$$

(iii) GST on upgrade of flooring:

$$GST = RM140,000 \times 6\%$$

$$= RM8,400$$

(iv) GST on 3rd payment:

$$GST = RM340,000 \times 6\%$$

$$= RM20,400$$

RIGHTS GRANTED FOR LIFE

68. Rights granted for life means:

- (a) the service is made by a taxable person who is a club or the likes of it under an agreement to grant rights;
- (b) the rights to be granted are for the rest of the person's life or for a period of not less than 30 years; and
- (c) the rights is granted or first exercisable before 1 April 2015.

69. The club or such similar body refers to an establishment run and managed by a registered company, e.g. Leisure Sun Club, Putra Golf and Country Club or Hills Clubhouse offering membership rights to facilities of the club or clubhouse such as sports and recreation, food and beverage, accommodation and special privileges to the members' guests. However, it excludes clubs with timeshare membership and the like.

70. Any payment for such rights made before 1 April 2015 will not be subject to GST. However, any payment made on or after 1 April 2015 will be subject to GST. Hence, if the rights are not paid in full before 1 April 2015 but paid in progressive payments and spans on or after 1 April 2015, the payments made on or after 1 April 2015 will be subject to GST.

Example 23

Halim takes out a life membership at a private club for RM6,000 and pays in full upon application before 1 April 2015. He is entitled to use the facilities of the club upon full settlement. The membership fee is not subject to GST.

Example 24

Maniam took a life membership at Bandar Permai Golf Resort (BPGR) for RM150,000 on 1 February 2015 and granted membership from 1 February 2015. He was issued an invoice for the said sum on the same day and allowed a payment schedule as below:

Maniam pays on....	When Maniam pays the sum of RM....	BPGR accounts for GST RM....
1 February 2015	50,000	Nil
1 March 2015	70,000	Nil
1 April 2015	30,000	1,698.11

Example 25

Using Example 24 above, if the membership term is for 20 years, the GST treatment on Maniam's payments will be as follows:

Maniam pays on...	When Maniam pays the sum of RM....	BPGR accounts for GST RM....
1 February 2015	50,000	Nil
1 March 2015	70,000	Nil
1 April 2015	30,000	8,419.81

The period of 20 years beginning from 1 February 2015 to 31 January 2035 is for a period of 240 months. For the supply made from 1 April 2015 to 31 January 2035 which is subject to GST is for a period of 238 months.

The value of GST is deemed inclusive in the invoice issued before 1 April 2015 for the supply which spans the implementation of GST.

The calculation to determine the amount of GST is as follows:

Consideration for the supply = $[RM150,000/240] \times 238 = RM148,750.00$

on and after 1 April 2015

GST = $RM148,750 \times [6/106]$

= RM8,419.81

CONSTRUCTION AGREEMENTS MADE BEFORE 1 APRIL 2015

71. GST is only payable on a supply of goods or construction services to the extent that it is made on or after 1 April 2015. Therefore, the value of work and materials permanently incorporated in or affixed on the construction site before 1



April 2015 will not be subject to GST.

72. In dividing the performance of the service into a portion that is not subject to GST and the portion that is subject to GST, a contractor is required to value all works and materials permanently incorporated in or affixed on the construction site of the building or civil engineering work as at the beginning of 1 April 2015.

73. This value must be determined on or before the end of the first taxable period after 1 April 2015. Such valuation must be certified by an authorized person, e.g. registered engineers, architects or quantity surveyors.

74. If the value of the supply paid before 1 April 2015 exceeds the value certified, then GST will be chargeable on the exceeded amount.

75. If the value of the supply after 1 April 2015 exceeds the value certified, then GST will be chargeable on the exceeded amount. Whereas, if the value of the supply paid before 1 April 2015 is less than the certified value, no GST is chargeable on the difference. However, if the taxable person fails to comply on the certified value within the specified time, GST will not be charged on the margin but on the full value of the supply.

Example 26

On 30 January 2015, a building contractor signs a contract to build a shop house for RM1,600,000. The contract has no provision for a review of the price. As at 31 March 2015, the amount of work done and materials affixed on the site amounts to RM900,000. The job is completed on 6 June 2015 and the building is accepted by the owners on 30 June 2015, where the final payment is made.

The payment schedule is as follows:

<i>Payment upon signing</i>		<i>RM500,000</i>
<i>Progress payment due</i>	<i>28/02/15</i>	<i>RM300,000</i>
	<i>31/03/15</i>	<i>RM200,000</i>
	<i>30/04/15</i>	<i>RM200,000</i>
	<i>31/05/15</i>	<i>RM200,000</i>
	<i>30/06/15</i>	<i>RM200,000</i>

CONTRACT PRICE (inclusive GST) RM1,600,000

Calculation for GST payable:

Total payment up to 31/03/15	RM1,000,000
Valuation at 31/03/15	RM900,000
EXCESS	RM100,000

Progress payment due date	Progress Payments	GST payable
1 April 2015 (deemed supplied)	RM100,000	$100,000 \times \frac{6}{106} = RM5,660.37$
30 April 2015	RM200,000	$200,000 \times \frac{6}{106} = RM11,320.75$
31 May 2015	RM200,000	$200,000 \times \frac{6}{106} = RM11,320.75$
30 June 2015	RM200,000	$200,000 \times \frac{6}{106} = RM11,320.75$
GST Payable	RM700,000	RM39,622.62

MACHINES OPERATED BY COIN AND TOKENS

76. During the transitional period, the first removal of collections within one week from 1 April 2015 will not be subject to GST. However, any subsequent removal within such time shall be deemed to be tax inclusive. After a period of one week from 1 April 2015, any removal shall be subject to GST where the amount of collected is inclusive of GST.

Example 27

Collections removed from a beverage vending machine are as follows:

Date of removal	Collection (tax inclusive)	GST Payable
2.4.2015 (1st removal)	RM800.00	No GST
6.4.2015 (2 nd removal)	RM780.00	RM44.15

Example 28

Collections removed from a beverage vending machine are as follows:

Date of removal	Collection (tax inclusive)	GST Payable
8.4.2015 (1st removal)	RM1,040.00	RM58.86
18.4.2015 (2 nd removal)	RM780.00	RM44.15

WARRANTY

77. A supply of warranty is not subject to GST if the supply of warranty:
- (a) begins before 1 April 2015 and ends on or after 1 April 2015; and
 - (b) relates to goods or services (whether expressed, implied or required by law) where the value of the warranty is included in the price of the goods and services at the time of purchase of goods or services.

78. The above GST treatment also applies to extended warranty purchased before 1 April 2015 and the supply of warranty spans the implementation of GST. Such extended warranty may include warranty purchased at a later time after the purchase of the goods or services but the date of purchase of the extended must be before 1 April 2015.

79. However, any extended warranty purchased on or after the implementation of GST for goods and services purchased on or after the implementation of GST is subject to GST at a standard rate.

80. If there is an extra charge for the spare parts, then the charge is subject to GST at a standard rate.

RETENTION PAYMENTS

81. Retention payments refer to an amount which forms part of the full consideration held by a person pending full and satisfactory performance of a contract. Where such payment under a contract that relates to a supply of goods or



services made before 1 April 2015, the retention payment is not subject to GST. However, if such payment relates to a supply made after 1 April 2015, it shall be subject to GST.

Example 29

A contractor makes a supply of services from 1 December 2014 to 31 May 2015. A sum of RM48,000.00 is retained for the satisfactory performance of the construction work. Since part of services are performed before 1 April 2015 (four months) and part of it is performed after 1 April 2015 (two months), the amount of GST payable on the retention sum is:

$$RM48,000 \times 2 / 6 \times [6/106] = RM905.66$$

UNREDEEMED VOUCHERS

82. Generally, any voucher for goods or services issued before 1 April 2015 will be subject to GST when redeemed on or after 1 April 2015.

Non-monetary Voucher

83. In the case of a non-monetary voucher issued before 1 April 2015, the value of supply upon redemption on or after 1 April 2015 is the value of voucher. Tax shall be charged upon redemption on the supply and the supplier accounts for GST on the goods redeemed. However, no tax shall be charged on the redemption of the voucher if sales tax or service tax has been charged and paid on the voucher before 1 April 2015.

Example 30

Amy won a non-monetary voucher during a charity annual dinner before 1 April 2015 where she can exchange it for a washing machine worth RM2,560 at an electrical shop vendor. When Amy produces the voucher for redemption after 1 April 2015, she is given a washing machine worth RM2,560 (inclusive of GST) and the vendor is required to account for GST on the washing machine as follows:

$$RM2,560 \times [6/106] = RM144.90$$

Example 31

Annie won a voucher before 1 April 2015 for a night stay in a standard room at the Hyatt Hotel worth RM180 per night. If Amy chooses to redeem the voucher for a night stay in a suite room worth RM450 per night, she must pay GST on the difference of the price of the room rate which is RM270.00 since service tax has already been charged and paid on the voucher.

Monetary Voucher

84. In the case of monetary voucher, the supply of goods or services is subject to GST when the monetary voucher is redeemed. The value of supply is the actual amount paid on the supply when the voucher is redeemed on or after 1 April 2015. If the actual value of the goods sold is RM530, the supplier must account for GST amounting to:

$$RM530 \times [6/106] = RM30.00$$

FREQUENTLY ASKED QUESTIONS

Time of Supply

Q1. What is the time of supply for real property (land and building affixed to the land)?

A1. A supply or acquisition of real property is made when the property is made available to the recipient. If the property is made available on or after 1 April 2015, the sale of the property is a taxable supply and subject to GST at standard rate.

Q2. A developer sells a commercial property (not subject to sales tax) before 1 April 2015 and is scheduled to be completed after 1 April 2015. The scheduled payments are spanning 1 April 2015. What is the GST implication on the sale?

A2. Generally, the supply of commercial property is a taxable supply and subject to GST at a standard rate. The payments before 1 April 2015 are not subject to GST. However, the payments on the supply spanning the implementation date need to be apportioned and the period on and after such date are subject



to GST.

Q3. I am a retailer. I sold goods on credit terms (credit sales), deliver and make available the goods before 1 April 2015 to my customer. When my customer makes the periodic payments (instalments) to me after 1 April 2015, must I charge GST on the payments?

A3. No, the sale of the goods is not subject to GST as the goods were made available before 1 April 2015.

Special Refund

Q4. I was a sales tax manufacturer and become a registered person when GST is implemented. I have purchased one unit reconditioned Japanese passenger car which I have registered under my company's name before GST is implemented. Can I claim special refund on the passenger car?

A4. No, you cannot claim the refund on the passenger car as it is an item that is excluded from such refund.

Q5. I am entitled to a special refund of RM80,000 where my installments of RM8,000 will be refunded to me over 8 quarterly taxable periods. After the 3rd installment, the balance of RM56,000 was set off against sales tax due from me for the sum of RM20,000. What is the implication on my subsequent installments?

A5. You will continue to receive a refund of RM8,000 for four (4) taxable periods amounting to the sum of RM36,000 after the setting off process.

Q6. I am a vehicle lessor and I purchase a vehicle with sales tax for the purpose of an operating lease before 1 April 2015 and sold the said vehicle after 1 April 2015. Am I eligible for a special refund of sales tax?

A6. You are not eligible for a special refund as the vehicle is used for hire.

Q7. In relation to a claim of special refund on goods held on hand, can the date of issuance of a cheque be taken as the date payment is made for an acquisition of sales taxable goods purchased before 1 April 2015?

A7. No, the date of issuance of a cheque cannot be taken as the date payment is



made for an acquisition of sales taxable goods purchased before 1 April 2015. The claimant must hold a payment receipt / voucher from the supplier.

Q8. One of the conditions to claim a special refund is that the goods must be held on hand on 1 April 2015 and must be used in the making of taxable supplies. Am I considered making a taxable supply of goods after 1 April 2015 if I sell furniture (goods held on hand) on credit?

A8. Yes, you are considered making a taxable supply when you sell the furniture. The provision of financing to your customers is another separate supply by you which is an exempt supply.

Goods Returned

Q9. I am a sales tax licensed manufacturer and not registered for GST. How do I claim sales tax on goods returned to me after 1 April 2015?

A9. You are eligible to claim any sales tax on goods returned to you. The claim for the refund of sales tax must be made in JKED2 and submitted to the Customs office.

Q10. What is the treatment on goods returned by a GST registered person who was not a licensed manufacturer under Sales Tax Act 1972 where a claim for special refund has been made on such goods?

A10. A GST registered person is required to account the special refund on the returned goods as output tax.

Credit Note

Q11. I was a licensed manufacturer under Sales Tax Act 1972 and a GST registered person as of 1 April 2015. I supplied taxable goods before the GST implementation but due to some defective qualities, 10% of the goods were returned after 1 April 2015. A credit note was issued on the returned goods. What is the GST implication to the buyer if he is a registered person?

A11. If your buyer is a registered person and he has claimed a special refund on those goods he returned to you, then he has to account for the special refund

he had claimed as his output tax in the taxable period he returned the goods.

Q12. What is the GST treatment if the buyer is a not a registered person?

A12. The buyer is not entitled to claim a special refund on goods he holds on hand. Hence, if he subsequently return those goods, there is no liability on him to account any GST on those goods.

Debit Note

Q13. I was a licensed manufacturer under Sales Tax Act 1972 and am a GST registered person on 1 April 2015. What is the GST treatment on the debit notes raised by me on or after 1 April 2015 as I had undercharged my customer (registered person) before 1 April 2015?

A13. You have to account for sales tax based on the sales tax rate you charge your customer.

Supply of Membership Rights

Q14. I am a Malaysian Timeshare Industry member since 2002 and the contract is for 38 years. I paid my membership in full the same year. What is the GST treatment if I decide to sell my membership after the 15th year which is after 1 April 2015?

A14. The subsequent sale of your membership is subject to GST at a standard rate if you are a registered person.

Q15. Private recreation fitness club joining fee to be a member is not taxable under the Service Tax Act 1975 (STA). What is the treatment on joining fees paid in full before 1 April 2015?

A15. Joining fees paid in full before the GST implementation by current members are not subject to GST even if part of the right to the membership continues after 1 April 2015.

Q16. I hold a life membership at an exclusive golf club where the services such as usage of sporting facilities are currently not subject to service tax. What is the treatment on the fees for the usage of the facilities that I am charged by the club operator?



A16. The fees or charges on such services if provided on or after 1 April 2015 is subject to GST at a standard rate.

Road Transport

Q17. What is the GST treatment on transport services provided by executive coaches or airport limousines that commence before 1 April 2015 and ends on or after 1 April 2015?

A17. A supply of services is made when the services are performed. In the case of transport services provided by executive coaches and airport limousines that commenced before 1 April 2015 and ending after the GST implementation time, the portion of the supply on or after 1 April 2015 is subject to GST at a standard rate.

Deposit

Q18. I took a photo shoot on 31 March 2015 and paid a deposit of RM100 as part payment for it. The pictures were delivered to me on 4 April 2015 and I made the balance of payment on the same day. Are the payments subject to GST?

A18. Yes, as the pictures were only made available to you on 4 April 2015 when you made the balance of payment.

Q19. I placed a deposit of RM100 to book a photo shoot session before 1 April 2015. The photo shoot is scheduled to take place after 1 April 2015. What is the tax treatment on the deposit?

A19. Since the photo shoot is performed on or after 1 April 2015, the photo shoot is subject to GST. Hence if the deposit is taken to be part of the consideration for the supply of the service, then it is subject to GST at a standard rate. If it is not, the deposit made before GST is not subject to GST. However, any payment for the photo shoot is subject to GST.

Ticketing

Q20. On 12 September 2012, Harry buys three air tickets from KL to Kota Bahru, Kelantan. The first ticket is used on 28 December 2014 and the



other two are open dated. On 15 March 2015, the second ticket was confirmed for a flight to take off on 31 March 2015 and the third for 15 June 2015. What is the tax implication on the tickets sold?

A20. The supply of air transport services on 28 December 2014 and 31 March 2015 is not subject to GST. However, the transport service to be taken on 15 June 2015 is subject to GST at a standard rate as the supply of transport services is to be made after 1 April 2015. Since the payment of tickets did not include GST at the time when the air tickets were issued, the airline operator has to charge GST at the time the third ticket is used.

Progressive and Continuous Supply

Q21. What is the GST treatment on the supply of taxable petroleum products delivered on a continuous basis by means of pipeline, conduits or other means beginning before the AD where consideration is paid continuously from the date prior the AD?

A21. Supplies of petroleum by means of a pipeline is deemed a supply of goods. Any such supply made before 1 April 2015 will not be subject to GST while a supply made on or after 1 April 2015 will be subject to GST. The supplier must conduct a meter reading of the supply immediately before 1 April 2015 to ascertain the value of the supply on and after 1 April 2015.

Q22. I am a utility supplier registered for GST and I bill my customers over a billing cycle that spans 1 April 2015. My services are taxable under the Service Tax Act 1975. I have a billing cycle from 15 March to 14 April 2015. What is the GST implication on my billing for that cycle?

A22. For the billing period 15 March to 31 March 2015, your supply of services is subject to service tax and the period from 1 April to 14 April 2015 will be subject to GST. You can no longer charge service tax on your services supplied on or after 1 April 2015 as the Service Tax Act 1975 has been repealed.

Relief on Second-Hand Goods

Q23. I intend to sell my company cars after 1 April 2015 using the scheme



**'relief for second-hand goods' to secure a reduction of tax on the sale.
What is the GST implication on the sales of the cars?**

A23. You are making a taxable supply of goods when the cars are sold after 1 April 2015 and therefore are chargeable to GST. However, you may use the 'scheme' provided the previous importation or sale of the cars to you were subject to sales tax and you are an approved person to use the scheme. Further details about the scheme may be obtained from the *GST Guide on Relief for Second-hand Goods*.

Bad Debt

Q24. Can I claim refund on bad debts incurred under the Sales tax Act 1972 and Service Tax Act 1975?

A24. Yes, the claims for refund on bad debts can be done under the provisions of the Sales Tax Act 1972 and the Service Tax Act 1975.

Supply of Land Or Property During Transitional Period.

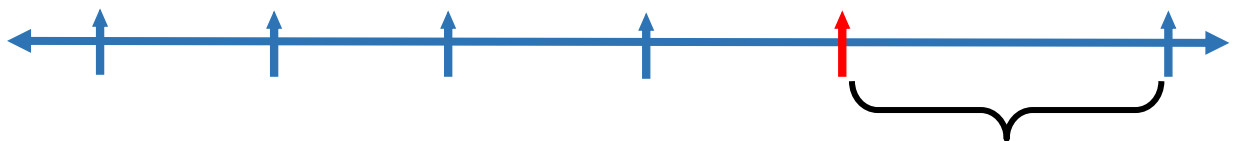
Q25. I have sold a shop lot worth RM1 million. I have made the full payment and S&P signed before 1st April 2015 but the key is handed over on the 5th April 2015? Is the property subject to GST?

A25. Supply of land or property made:

- (i) Under agreement for a period or progressively over a period, whether or not at regular intervals and that period begins before the effective date and ends on or after the effective date the proportion of the supply which is attributed to the part of the period on or after the effective date shall be chargeable to tax. (refer s.188 GSTA);

Example (a):

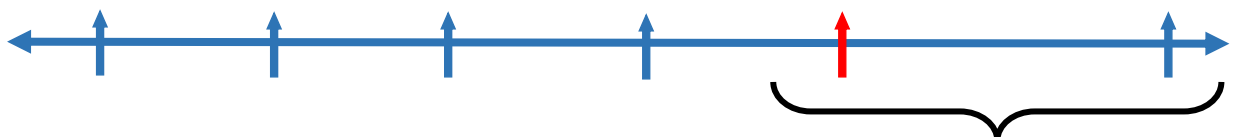
1/1/14	1/3/14	1/8/14	1/3/15	1/4/2015	Handover vacant possession/ key
Agreement for supply of building value at RM700,000 (progressive payment start from 1/3/14 and full payment is on 1/12/14)	1st payment (RM200,000)	2nd payment (RM200,000)	Full payment (RM300,000)		



This portion is not subject to GST as the full payment before effective date is made based on the agreement

Example (b):

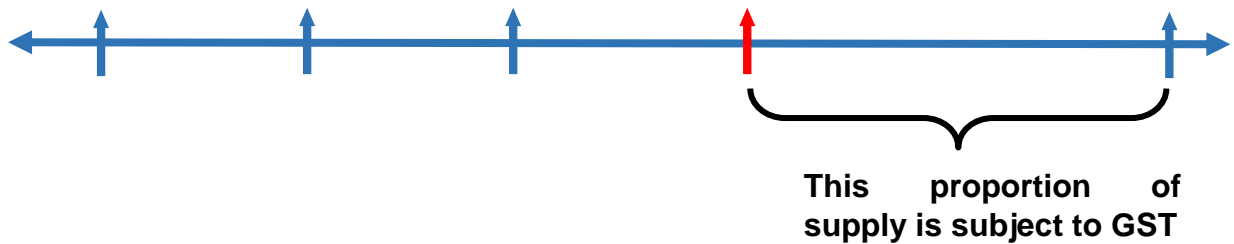
1/1/14	1/2/14	1/7/14	1/12/14	1/4/2015	1/5/15	Handover vacant possession/ key
Agreement for supply of building value at RM600,000 (Progressive payment start from 1/2/14 and full payment is by 1/5/15)	1st payment (RM100,000)	2nd payment (RM100,000)	3rd payment (RM100,000) (instead of paying RM100,000 the buyer make full payment of RM400,000)		4th payment (RM300,000)	



RM300,000 paid on 1/12/14 is subject to GST because according to the agreement the full payment should be made on 1/5/15.

Example (c):

1/1/14 Agreement for supply of building value at RM800,000 (Progressive payment start from 1/6/14 and full payment is by 1/6/15)	1/6/14 1st payment (RM200,000)	1/12/14 2nd payment (RM200,000)	1/4/2015	1/6/15 full payment (RM400,000)	Hand over vacant possession/ key
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Last date to issue invoice under the Service Tax or Sales Tax

Q26. Whether a person licensed under the Service Tax Act 1975 or Sales Tax Act 1972 can still issue invoice or debit note after 1/4/2015 for services rendered or goods sold before 1 April 2015?

A26. Taxable person under the Sales Tax Act 1972 or the Service Tax Act 1975 sold taxable goods or rendered taxable services on the last taxable period before 1 April 2015 shall:

- (a) furnish a return as required under the Sales Tax Act 1972 or the Service Tax Act 1975 for the last taxable period not later than 28 days from 1 April 2015, unless otherwise determined by the DG;
- (b) issue invoice or debit note which imposes sales tax or service tax not later than 28 April 2015.

FURTHER ASSISTANCE AND INFORMATION

85. Further information can be obtained from:

- (a) GST Website : gst.customs.gov.my



- (b) GST Hotline : 03-88822111
- (c) Customs Call Centre:
- Tel: 03-7806 7200/1-300-888-500
 - Fax: 03-78067599
 - E-mail: ccc@customs.gov.my



APPENDIX 1

Lampiran SP3 D

PENGIKRARAN PEMBAYARAN KHAS CUKAI JUALAN / CUKAI PERKHIDMATAN SELEPAS 28 APRIL 2015

1. Nama, alamat & no. telefon syarikat <i>Name, address & telephone no. of company</i>						UNTUK KEGUNAAN RASMI/FOR OFFICIAL USE				
2. i. Nombor lesen cukai jualan /cukai perkhidmatan <i>Sales tax/service tax license no.</i>						5. Tarikh terima: <i>Date Received :</i>				
ii. No. daftar CBP (jika berkenaan): <i>GST Registration Number(if any):</i>										
3. Nombor rujukan fail <i>File reference no.</i>										
4. Pembayaran bagi tempoh bercukai: <i>Payment for taxable period:</i>										
6. Bil/ No	7. Kuantiti & Perihal Barangan (bahan mentah/barang separa siap/barang siap) /Jenis Perkhidmatan Disediakan <i>Quantity & Description of goods (raw material / semi finished goods / finished goods) / types of service provided</i>	8. Kod Hasil Revenue code	9. Nilai barangan jualan/nilai upah/nilai perkhidmatan <i>Value of goods sold/value of work performed /value of service RM</i>	10. Jumlah nilai yang kena dibayar <i>Total of payable value RM</i>	11. Kadar cukai Tax rate (%)	12. Amaun cukai Amount RM	13. Kadar penalti Penalty rate (%)	14. Amaun penalti Amount of penalty RM	15. Jumlah keseluruhan Total amount RM	
17. Saya mengesahkan bahawa ikrar ini adalah benar dan lengkap. <i>I hereby certify that this declaration is true and complete</i>						16. Jumlah keseluruhan Total (RM)				
Tarikh: _____ <i>Date:</i>						UNTUK KEGUNAAN RASMI/FOR OFFICIAL USE				
Tandatangan Pemohon _____ <i>Signature of Applicant</i>						21. No. Resit Receipt No.				
18. Nama pemohon <i>Name of applicant</i>						Tarikh : _____ <i>Date</i>				
19 No. Kad Pengenalan/Pasport <i>Identity card /Passport no.</i>						b.p. Ketua Pengarah Kastam <i>For Director General of Customs</i>				
20. Jawatan <i>Designation</i>										

* Potong mana yang tidak berkenaan



APPENDIX 2

MAKLUMAT TUNTUTAN PEMBAYARAN BALIK KHAS SPECIAL REFUND INFORMATION

Deskripsi Barangan:
Description of Goods

(a) Invois dengan Cukai Jualan
Invoices with Sales Tax

Barang dalam Pegangan – 1 April 2015 Goods on Hand – 1 April 2015				Jumlah Dibayar Amount Paid		Jumlah Tuntutan Total Claim	
Deskripsi line stok barangan Stock Line Description of Goods	No. Borang Kastam / No. Invois Customs Form No. / Invoice No.	Kuantiti Quantity	Nilai Belian Termasuk Cukai Jualan Value Paid Including Sales Tax (RM)	Kaedah Pembayaran Dan Rujukan Payment Method and Reference	Amaun Dibayar termasuk Cukai Jualan Amount Paid including Sales Tax (RM)	Kadar Cukai Tax Rate (RM)	Jumlah Amount (RM)

(b) Invois tanpa Cukai Jualan
Invoices without Sales Tax

Barang dalam Pegangan – 1 April 2015 Goods on Hand – 1 April 2015				Jumlah Dibayar Amount Paid		Jumlah Tuntutan Total Claim		
Deskripsi line stok barangan Stock Line Description of Goods	No. Invois Invoice No.	Kuantiti Quantity	(a) Nilai Belian Termasuk Cukai Jualan Value Paid Including Sales Tax (RM)	Kaedah Pembayaran Dan Rujukan Payment Method and Reference	Amaun Dibayar Amount Paid (RM)	(b) Kadar Cukai Jualan Berkaitan Sales Tax Rate Applicable (RM)	(c) (c) = (a) x 20% (RM)	(d) (d) = (c) x (b) Jumlah Amount (RM)

Saya bagi pihak (nama syarikat dan no. syarikat) mengesahkan maklumat pembayaran balik khas di atas disediakan mengikut Seksyen 190 dan Seksyen 191, Akta Cukai Barangan dan Perkhidmatan 2014.

I, on behalf of (company name and company no), confirm the above special refund information is prepared in accordance with Section 190 and Section 191 of the Goods and Services Tax Act 2014.

Nama Pengarah :
Name of Director

Tarikh :
Date

Juruaudit Syarikat / Akauntan Bertauliah
(Tandatangan / Cop untuk pengesahan)
Company Auditor / Chartered Accountant
(Signature / Stamped for identification purposes)

Tarikh :
Date



APPENDIX 3

PERAKUAN AUDIT PEMBAYARAN BALIK KHAS SPECIAL REFUND AUDIT CERTIFICATION

Nama Penuntut :
Name of Claimant

No. CBP :
GST No.

Nama Perniagaan dan No Pendaftaran :
Name of Business and Registration No.

Jenis Pembayaran Balik Khas :
Type of Special Refund Claim

Invois / Borang Kastam Dengan Cukai Jualan
Invoices / Custom Form with Sales Tax

Invois Tanpa Cukai Jualan
Invoices without Sales Tax

Butiran Pembayaran Balik Khas :
Detail of Special Refund Claim

Jenis Pembayaran Balik Type of Special Refund Claim	Number of Stock Lines In The 'Special Refund Information Form'	Nilai Value (RM)	Jumlah Tuntutan Pembayaran Balik Khas Total Special Refund Claim (RM)
Invois / Borang Kastam Dengan Cukai Jualan Invoices / Customs Form with Sales Tax			
Invois Tanpa Cukai Jualan Invoices without Sales Tax			
Jumlah Total			

* Maklumat Pembayaran Balik Khas dan dokumen sokongan berkaitan jumlah tuntutan di atas telah disediakan dan disimpan oleh pihak penuntut selaras dengan peruntukan Seksyen 36, Akta Cukai Barang Dan Perkhidmatan 2014.

* Special Refund Information and supporting documents relating to the above claims have been made and kept by the claimant in accordance with the provisions of Section 36, Goods and Services Tax Act 2014.

Saya dengan ini mengaku bahawa maklumat yang dinyatakan berkaitan tuntutan ini telah disediakan mengikut kehendak Seksyen 190 dan 191 Akta Cukai Barang Dan Perkhidmatan 2014 adalah benar, betul dan lengkap.

I hereby declare that the information stated on the claim has been prepared in accordance with the requirements of Sections 190 and 191 Goods and Services Tax Act 2014 is true, correct and complete.

.....
Nama Pengarah :
Name of Director

Tarikh :
Date

Berdasarkan semakan dijalankan ke atas maklumat pembayaran balik khas didapati telah disediakan mengikut kehendak Seksyen 190 dan Seksyen 191, Akta Cukai Barangan dan Perkhidmatan 2014.

Based on the work performed, the special refund information is prepared in accordance with the requirements of Section 190 and Section 191 of the Goods and Services Tax Act 2014.

.....
Akauntan Bertauliah :
Chartered Accountant

Nombor Keahlian MIA :
MIA Membership Number

Nombor Firma Bukan Audit MIA (jika berkenaan) :
MIA Non-Audit Firm Number (if applicable)

Tarikh :
Date

Kami telah menjalankan urusan jaminan ISAE 3000 ke atas maklumat pembayaran balik khas oleh penuntut di mana maklumat pembayaran khas tersebut telah disediakan mengikut kehendak Seksyen 190 dan Seksyen 191, Akta Cukai Barangan dan Perkhidmatan 2014. Dalam laporan kami bertarikh () kami berpendapat kenyataan penuntut bahawa maklumat pembayaran balik khas telah disediakan, dalam semua aspek material, mengikut seksyen di atas.

We have performed an ISAE 3000 assurance engagement on the claimant's special refund information about whether the special refund information is prepared in accordance with the requirements of Section 190 and Section 191 of the Goods and Services Tax Act 2014. In our report dated () we opined that the claimant's special refund information is prepared, in all material respects, in accordance with those sections.

.....
Juruaudit Syarikat :
Company Auditor

Nama dan Nombor Firma Audit :
Audit Firm Name and Number

Tarikh :
Date

