



FREQUENTLY ASKED QUESTIONS (FAQ) TRANSITIONAL 6% - 0%

Without prejudice.

Note: The FAQ dated 25 May 2018 is cancelled.

1. STATUS OF GST

- 1.1. Q : What does the MOF statement dated 16 May 2018 relate to the imposition of GST at 0% and its impact on GST?
 A : All supplies of goods and services which are now subject to GST at standard-rated 6% becomes standard-rated 0% effective on 01 June 2018. Importation of goods is also subject to GST at standard-rated 0%.
- 1.2. Q : Is such MOF's statement applicable to an exempt supply?
 A : An exempt supply goods or services are remain exempt. It does not change to standard-rated 0%.
- 1.3. Q : Do I need to wait for a letter issued by RMCD to change the rate to standard-rated 0%?
 A : No, please impose GST at standard-rated 0%.

2. REGISTRATION

- 2.1. Q : Do I need to apply to cancel my GST registration?
 A : No, cancelation is not required and you remain registered until further notice.
- 2.2. Q : I have applied to register for GST but have yet to receive any approval, what should I do?
 A : RMCD will continue to process the application.
- 2.3. Q : I registered late and have been penalised with late registration penalties. Can the penalty be remitted?
 A : Remission of penalties is under Section 62 (2) GSTA 2014 which is allows for the discretionary power of the Director General of Customs. You are required to apply for the remission.
- 2.4. Q : My taxable supply has exceeded the amount of taxable supply specified under subsection 20 (1) of GSTA 2014. Should I submit an application for registration?
 A : Yes, you need to apply for registration until further notice.
- 2.5. Q : I would like to apply for voluntary registration under Section 24 of the GSTA 2014. Do I have to apply?
 A : No, you do not have to apply for voluntary registration.

3. DEREGISTRATION

- 3.1. Q : I have ceased to be a registered person. What is the GST treatment on the business assets?
 A : You are required to account for GST at standard rate 0% if business ceased on or after 01 June 2018 OR to account at standard rate 6% if ceased before 01 June 2018.

4. TAX INVOICE

- 4.1. Q : Do you need to make amendments to the tax invoice to standard rate 0%?
 A : Yes, tax invoices need to be issued and the standard rate of 6% is changed to standard rate 0%.
- 4.2. Q : I made a supply after 01 June 2018 and charged GST at standard rate of 6%. Tax invoice was issued to the buyer. This means I have MISTAKENLY charged GST. Do I have to account for tax at standard rate of 6%?
 A : 1. Yes. If a credit note CANNOT be issued to the buyer, GST at standard rate of 6% should be accounted for.
 2. If a credit note can be issued and the company has accounted for the GST, the company may make adjustments via GST-03.
- 4.3. Q : I have sold goods and have issued a tax invoice on 01 May 2018. The item was returned by the buyer on 30 June 2018. Should credit note be issued at a standard rate of 6% or a standard rate of 0%?
 A : Credit note should be issued at standard rate of 6% because it relates to a tax invoice that was issued on 01 May 2018.
- 4.4. Q : I have sent my goods to the buyer on 25 May 2018. What is the GST treatment if the tax invoice is issued on 01 June 2018?
 A : GST should be charged at standard rate of 6%.
- 4.5. Q : I have performed my services to the recipients on 25 May 2018. What is the GST treatment if the tax invoice is issued on 01 June 2018?
 A : GST should be charged at standard rate of 6%.
- 4.6. Q : The goods were supplied on 15 June 2018. Tax invoice has been issued before 01 June 2018. However, payment was made after 01 June 2018. What is the GST treatment?
 A : GST standard rate of 0%.
- 4.7. Q : The services were performed on 15 June 2018. Tax invoice has been issued before 01 June 2018. However, payment was made after 01 June 2018. What is the GST treatment?
 A : GST standard rate of 0%.
- 4.8. Q : Tax invoice was issued on 15 June 2018 in respect of utility services granted from 15 May 2018 to 14 June 2018. What is the GST treatment on this supply?
 A : GST should be charged at 6% up to 31 May 2018. From 01 June 2018, GST should be charged at standard rate of 0%. Utility companies should make adjustments in subsequent bills.

- 4.9. Q : A company supplied goods / services before 01 June 2018. Tax invoice will be issued within 21 days from the date of delivery of the goods / services being performed. What is the GST treatment and tax code that need to be used for such supply?
A : GST should be charged at standard rate of 6% and the tax code to be used is SR (6%).
- 4.10. Q : The company has supplied goods / services before 01 June 2018 and full payment has been received. The tax invoice will be issued after 01 June 2018. What is the GST treatment on such supply?
A : GST should be charged at standard rate 6%.
- 4.11. Q : What is the GST rate on the self-billed invoice issued on or after 01 June 2018?
A : The GST is standard rate of 0% in self-billed invoice.
- 4.12. Q : Starting from 01 June 2018, does application for simplified tax invoice need to be made?
A : Yes.

5. INPUT TAX CREDIT UNDER SECTION 38 GSTA

- 5.1. Q : If the rate of tax for taxable supply fixed at standard rate of 0%, can I still claim input tax?
A : Yes, the input tax claims are allowed in compliance with Section 39 and Regulation 38 of, GST Regulations 2014.
- 5.2. Q : Does a company making mixed supply need to continue apportioning on the input tax claimed?
A : Yes, input tax needs to be apportioned because the standard rate of 0% is a taxable supply.
- 5.3. Q : Referring to question 5.2, do I need to make annual adjustments?
A : Yes.
- 5.4. Q : Will input tax claim (ITC) application still be processed by the RMCD effective from 01 June 2018?
A : Yes, application will be processed as usual.
- 5.5. Q : Can ITC refunds be offset against GST payments?
A : Yes, provided the ITC application has been approved. The offsetting process will be done automatically through the system.
- 5.6. Q : Can the approved carried forward credit balance in TAP be refunded to the GST registered persons?
A : Yes.
- 5.7. Q : How to reclaim approved carried forward ITC?
A : GST registered persons has to submit the application through TAP and follow normal procedures.

- 5.8. Q : Effective from 01 June 2018, does GST registered persons still have to respond to queries previously issued by the Refund Officer relating to ITC refund application?
A : Yes.
- 5.9. Q : Does the GST registered person still allowed to make exceptional claims of input tax on acquisition of goods before the date with effect from which he was registered under regulation 46 of the GST Regulation 2014?
A : Yes, upon approval by the Director General of Customs.
- 5.10. Q : Are GST registered persons allowed to resubmit a refund request rejected by the RMCD effective from 01 June 2018?
A : Yes.
- 5.11. Q : How do GST registered persons resubmit a refund application which has been rejected?
A : Please contact the Refund Officer by phone or E-Mail

6. RETURN

- 6.1. Q : Do I need to submit GST-03 return?
A : Yes. Registered person are still required to submit GST-03 until further notice.
- 6.2. Q : I was charged a compound for late submission of return under Section 41 (6) of the GSTA 2014. Can the compound be remitted?
A : Yes and the power to remit compound is at the discretion of Public Prosecutor.
- 6.3. Q : Effective from 01 June 2018, do the GST registered persons need to pay any tax arrears and penalties even though they still have ITC claims that have not been approved by the RMCD?
A : Yes.
- 6.4. Q : Effective from 01 June 2018, will GST registered person be liable for late payment penalty if GST payments are not made within the specified period?
A : Yes.
- 6.5. Q : I was charged a penalty for a late payment under Section 41 (7) of the GSTA 2014. Can the penalty be remitted?
A : It is the discretionary power of the Director General of Customs under Section 62 (2) of the GSTA 2014. The application of the remission shall be made.
- 6.6. Q : In which column in the GST-03 return do I need to declare for a supply that has changed to a standard rate of 0%?
A : In column 5 (a) of GST-03.
- 6.7. Q : Where do I declare in GST-03 a supply that was formerly zero-rated?
A : Declare in column 5 (a) of GST-03 because GST (Zero-Rated) Order 2014 is revoked.

- 6.8. Q : My taxable period is 01 April 2018 to 30 June 2018. How should I declare the GST-03 return?
 A : You must make a declaration of 6% standard rated sales before 01 June 2018 and 0% standard rated sales from 01 June 2018 in column 5 (a) of GST-03. Column 5 (b) is meant for declaration of GST due and payable for the period of April to May.
- 6.9. Q : I have claimed GST refunds on block input tax in the GST-03 return. Can I amend the GST-03 return effective from 01 June 2018 onwards?
 A : Yes.
- 6.10. Q : If I have made an understated or over claimed of ITC, can I amend the GST-03 return effective from 01 June 2018 onwards?
 A : Yes.

7. SECTION 66 GSTA 2014 (CHANGE OF RATE)

- 7.1. Q : I have issued a tax invoice at a rate of 6%, goods have been removed to the buyer at the time the GST rate was standard rate of 0%. What am I required to do?
 A : Tax shall be charged at standard rate of 0%. Credit note need to be issued.
- 7.2. Q : I have issued a tax invoice at a rate of 6%, services have been performed to the recipient at the time the GST rate was standard rate of 0%. What am I required to do?
 A : Tax shall be charged at standard rate of 0%. Credit note need to be issued.
- 7.3. Q : The goods were removed to the buyer at the time the GST rate was standard of 6%, but the tax invoice was issued at the standard rate of 0%. What am I required to do?
 A : Tax shall be charged at the old tax standard rate of 6%.
- 7.4. Q : The goods were removed to the buyer at the time the GST rate was standard rate of 6%, and the tax invoice issued at the standard rate of 6%. However, payment only received at the time of standard rate of 0%. What needs to be done?
 A : Tax shall be charged at the old standard rate of 6%.
- 7.5. Q : I have given free services to connected person on or after 01 June 2018. What is the GST treatment and do I need to account for output tax on the free services given?
 A : Yes, at standard rated 0%.
- 7.6. Q : What is the GST treatment on the goods given away as a gift with the amount exceeded more than RM500 on or after 01 June 2018? Do I need to account output tax?
 A : Output tax needs to be accounted at standard rate of 0%.

8. IMPACT ON SCHEMES

- 8.1. Q : Can a registered company still claim an additional flat rate 2% as input tax on or after 01 June 2018?
 A : Yes, because the 2% flat rate addition is still in effect as no amendment is made to Regulation 99, GST Regulations 2014.

- 8.2. Q : I am a holder of ATS/ATMS/MS/AJS/WS scheme, am I still required to issue scheme's monthly statement on or after 01 June 2018?
A : Yes. If facilitation under ATS/ATMS/MS/AJS/WS scheme is used.
- 8.3. Q : I am an outlet owner approved under the TRS scheme, what is the GST rate on the selling of goods eligible under the TRS scheme on or after 01 June 2018?
A : Standard rate of 0%.
- 8.4. Q : Are tourists still entitled to claim the refund of tax?
A : Tourists are still entitled to claim the refund of tax under the TRS on purchases made from approved outlets if the purchases were subject to GST at the standard rate of 6% and subject to conditions as prescribed.
- 8.5. Q : If the tourist makes a purchase when the GST rate charged is standard rate of 6% and he departs from Malaysia when the GST imposed is standard rate of 0%, is the tourist still entitled to claim the GST?
A : Yes, if the purchase was made 3 months before the tourist departs from Malaysia.
- 8.6. Q : GST is suspended on the importation of goods made by a ATS holder. What is the treatment when the GST rate is standard rate of 0%?
A : The GST standard rate of 0%.
- 8.7. Q : I am a second hand car dealer under the margin scheme (Regulation 75, GST Regulations 2014). Am I required to account for GST on the margin on or after 01 June 2018?
A : Yes, GST rate on the margin is standard rate of 0%.
- 8.8. Q : Does the ATS/ATMS/MS/AJS facilities need to be renewed if the expiry date is on or after 31 May 2018?
A : No need to renew.
- 8.9. Q : Do I need to apply for ATS / ATMS / MS / AJS facility effective from 01 June 2018?
A : No need to apply.
- 8.10. Q : Can I use the ATS / ATMS / MS / AJS facility that is still valid on or after 01 June 2018?
A : Yes.
- 8.11. Q : Does GST registered person need to make any amendment application to the existing ATS / ATMS / MS / AJS facility effective from 01 June 2018?
A : No need to apply for any amendment.
- 8.12. Q : Will new or cancellation application for special scheme submitted by the GST registered person prior to 01 June 2018 be processed by the RMCD?
A : New application will not be processed and cancellation application need to be submitted to RMCD.
- 8.13. Q : Will RMCD process renewal application for special scheme?
A : Yes.

- 8.14. Q : Do I need to apply for cancellation of a special scheme if the GST rate changes from 6% to 0%?
A : No.

- Supply within warehouse

- 8.15. Q : The supply of cigarettes or liquors made within licensed warehouse is a disregarded supply. After 01 June 2018, what is the GST treatment for such supply?
A : The supply is a disregarded supply.
- 8.16. Q : What is the GST treatment on a supply of goods other than cigarettes or liquids made within licensed warehouse?
A : Disregard supply.
- 8.17. Q : What is the GST treatment on a supply of services made within licensed warehouse?
A : The supply rate is standard rate of 0%.
- 8.18. Q : What is the GST treatment if K1 or K9 forms has been declared and approved by the proper officer of customs before 01 June 2018 but GST is to be paid on or after 01 June 2018?
A : GST is to be paid at standard rate of 0%.

- Importation: Removal of goods

- 8.19. Q : What is the GST treatment on the importation /removal of goods from licensed warehouse to principal customs area?
A : The importation / removal are subject to GST at standard rate of 0%.
- 8.20. Q : What is the GST treatment on the importation / removal of goods from licensed warehouse to another licensed warehouse, free zone and to designated area?
A : The importation / removal no tax due.
- 8.21. Q : If Form K1 or K9 is declared on 6% rate and GST has been paid but goods be removed from a licensed warehouse on or after 01 June 2018, what is the tax rate applicable when the importer releases their goods from the licensed warehouse?
A : GST shall be charged at 6% because the Customs Act 1967 has treated that the importation has taken place when the Form K1 or K9 has been declared and the duty / GST has been paid. Upon payment of the duty/GST, the goods must be removed from the licensed warehouse. Since duty / GST has been paid, no duty / GST shall be imposed when the goods are removed from the licensed warehouse.
- 8.22. Q : Referring to question 8.21, can I claim input tax?
A : Input tax credit is allowed provided the goods are removed by a registered person.

- **Export**

- 8.23. Q : What is the GST treatment on goods exported from licensed warehouse to overseas?
 A : Exports are zero rated according to section 17 (1) (b) GSTA 2014.

9. DISALLOWANCE OF INPUT TAX

- 9.1. Q : I have sold a passenger car where the input tax claim was not allowed under Regulation 36 of the GST Regulation 2014. What is the GST treatment?
 A : The sale of the passenger car is not subject to GST because it is not a supply.

10. SUPPLY MADE IN THE DESIGNATED AREA

- **Supply made within the designated area**

- 10.1. Q : What is the GST treatment on the supply of goods other than cigarettes or liquor made within designated area?
 A : No GST shall be charged on any taxable supply of goods made within designated area.
- 10.2. Q : What is the GST treatment on the sale of cigarettes and liquor within designated area?
 A : No GST shall be charged on any taxable supply of goods made within designated area.
- 10.3. Q : What is the GST treatment on the supply of services within the designated area?
 A : No GST shall be charged on any taxable supply of services made within designated area.

- **Supply made between the designated areas**

- 10.4. Q : What is the GST treatment on the supply of goods other than cigarettes or liquor made between designated areas?
 A : No GST shall be charged on any taxable supply of goods made between designated areas.
- 10.5. Q : What is the GST treatment on the sale of cigarettes and liquor between designated areas?
 A : No GST shall be charged on any taxable supply of goods made between designated areas.
- 10.6. Q : What is the GST treatment on the supply of services between the designated areas?
 A : No GST shall be charged on any taxable supply of services made between designated areas.

- **Importation: Removal of goods from designated area**

- 10.7. Q : What is the GST treatment on the importation /removal of goods from designated area to the principal customs area?
 A : Importation / removal of goods is subject to standard rate of 0%.

10.8. Q : What is the GST treatment on importation: removal of goods from designated area to other designated area, licensed warehouse and free zone?

A : Importation / removal of goods is subject to standard rate of 0%.

10.9. Q : What is the GST treatment if Form K1 has been declared and GST has been paid but the goods have been moved out of the designated area after 01 June 2018?

A : It is standard rate of 6%. Importers are advised to remove the goods from designated areas to principal customs area on the same day as the declarations are made. (Refer 8.21)

10.10. Q : Referring to question 10.9, can I claim input tax credit?

A : Input tax credit is allowed provided the goods are removed by registered person.

- Export

10.11. Q : What is the GST treatment on the exportation of goods from designated area to a place outside Malaysia?

A : Exports are zero rated according to section 17 (1) (b) GSTA 2014.

11. SUPPLY MADE WITHIN THE FREE ZONE

11.1. Q : What is the GST treatment on the supply of goods other than cigarettes or liquor made within the free zone?

A : No GST shall be charged on any taxable supply of goods made within free zone.

11.2. Q : What is the GST treatment on the sale of cigarettes and liquor within free zone?

A : No GST shall be charged on any taxable supply of goods made within designated area.

11.3. Q : What is the GST treatment on the supply of services within free zone?

A : It is a standard-rated at 0% supply.

- Supply made between the free zones

11.4. Q : What is the GST treatment on the supply of goods other than cigarettes or liquor made between free zones?

A : No GST shall be charged on any taxable supply of goods made between free zones.

11.5. Q : What is the GST treatment on the sale of cigarettes and liquor between free zones?

A : No GST shall be charged on any taxable supply of goods made between free zones.

11.6. Q : What is the GST treatment on the supply of services between free zones?

A : It is a standard-rated at 0% supply.

- Importation : Removal of goods from free zone

- 11.7. Q : What is the GST treatment on the importation / removal of goods from the Free Zone to the Principal Customs Area?
A : Importation / removal of goods is subject to standard rate of 0%.
- 11.8. Q : What is the GST treatment in the importation or removal of goods from free zone to another free zone, warehouse and designated area?
A : Importation / removal are subject to GST at a standard rate of 0%.
- 11.9. Q : What is the GST treatment if Form K1 has been declared and GST has been paid but the goods are removed from free zone after 01 June 2018?
A : Remain at standard rate 6%. Importers are advised to remove the goods from free zone to principal customs area on the same day as the declarations are made. (Refer 8.21)
- 11.10. Q : Referring to question 11.9, can I claim input tax?
A : Input tax credit is allowed provided the goods are removed by GST registered person.

- Export

- 11.11. Q : What is the GST treatment on the export of goods from a free zone to a place outside Malaysia?
A : Exports are zero rated according to section 17 (1) (b) GSTA 2014.

12. PUBLIC RULING / ADVANCE RULING / DG'S DECISION / DECISION MADE BY RMCD

- 12.1. Q : Are public rulings / advance rulings / DG's decisions / industry guidelines / policy papers from sectors related to GST treatment issued by RMCD still apply?
A : Rulings, decisions and guides are still applicable until further notice.

13. BILL OF DEMAND (BOD) / INVESTIGATION / PROSECUTION / APPEAL TO TRIBUNAL / COMPOUND

- 13.1. Q : I have received a Bill of Demand (BOD) from RMCD on 03 May 2018 claiming a certain amount of tax to be paid. Do I have to pay the BOD?
A : Yes, the BOD is still payable.
- 13.2. Q : My company has been investigated by RMCD for not submitting the GST-03 return, will the investigation stop?
A : No.
- 13.3. Q : My company has been charged by RMCD for failing to pay GST, will the proceeding continue?
A : Yes.
- 13.4. Q : My company has filed an appeal at the GST appeal tribunal, will my appeal continue?
A : Yes.

- 13.5. Q : My company has received a compound offer of RM5,000 for failing to submit the return. Do I have to pay the compound?
 A : Yes.

14. BLACKLIST

- 14.1. Q : Will blacklist action continue?
 A : Yes.

15. TAX AGENT

- 15.1. Q : What will happen to Tax Agents and do their services need to be continued?
 A : Tax agents are still required for GST related matters.

16. AUDIT

- 16.1. Q : Will GST Audit be continued after 01 June 2018?
 A : Yes.
- 16.2. Q : Is the GST registered person required to keep a document / business record for 7 years?
 A : Yes.

17. GENERAL

- 17.1. Q : What is SST?
 A : SST refers to Sales Tax and Services Tax. Sales tax is levied on local manufactured and imported goods, while service tax is a tax imposed on prescribed services.
- 17.2. Q : I purchased my flight ticket before 01 June 2018 and scheduled to depart after 01 June 2018. Can I claim back the GST paid?
 A : It depends on the terms and conditions of the sale and purchase transaction entered between the seller and the buyer.
- 17.3. Q : Deposit (part payment) for the supply of goods / services has been paid before 01 June 2018 and goods / services are supplied after 01 June 2018. What is the GST treatment?
 A : Part payment is subject to GST on the standard rate of 6% while the balance of payment if made after 01 June 2018 is subject to standard rate of 0%.
- 17.4. Q : Is tax to be charged on hand carried goods by passengers at a standard rate of 0% on or after 01 June 2018?
 A : If the goods are not subject to any import duty, then GST is subject to a standard rate of 0%. However, if the goods are subject to the import duty, then tax to be paid by the passenger is at 10% ad valorem rate.
- 17.5. Q : Goods purchased and charged GST at standard-rated 6% are then returned to supplier at the time when GST is standard-rated 0%. What is the GST treatment?
 A : The supplier should issue a credit note which relate to the tax invoice issued for the goods returned.

- 17.6. Q : Will Tourism Tax be continued?
A : Yes.
- 17.7. Q : Starting from 01 June 2018, what is the GST treatment on the taxable supply made by the government departments registered under Section 20 GSTA 2014?
A : The supply by the government department registered under Section 20 GSTA 2014 is out of scope supply. Taxable supply of any goods / services made by such government shall be not subject to GST.
- 17.8. Q : Starting from 01 June 2018, what is the GST treatment on acquisition of goods by government department?
A : Acquisition of goods by government department is subject to GST at standard rate of 0%. GST (Relief Order) 2014 is revoked.
- 17.9. Q : Starting from 01 June 2018, what is the GST treatment on acquisition of services by government department?
A : Acquisition of services by the government department is subject to GST at standard rate of 0%.
- 17.10. Q : I am not a GST registered person. I still have stock of goods that have been charged GST standard rate of 6% after 01 June 2018. Can I claim refund?
A : No.
- 17.11. Q : Where an invoice is received after 01 June 2018 for services rendered prior to 01 June 2018 or which spans across 01 June 2018, is reverse charge applicable and at what rate?
A : GST should be accountable at standard rate 6% on the value of supply up to 31 May 2018. From 01 June 2018, GST should be charged at standard rate of 0% on the difference between the total value of the supply and the value of the supply before 01 June 2018.
- 17.12. Q : Where an invoice is received after 01 June 2018 for services rendered prior to 01 June 2018, is reverse charge applicable and at what rate?
A : GST should be accountable at standard rate 6% on the value of supply.
- 17.13. Q : Do I need to change the price tag which currently shows a standard rate of 6%?
A : In the event immediate action cannot be taken, the company is allowed to place a notice at a prominent place where customers can see informing them that the standard rate 6% has changed to standard rate of 0% starting from 01 June 2018. The company is given until 30 June 2018 to replace the price tag.
- 17.14. Q : If the price tag displayed by a retailer registered for GST on or after 01 June 2018 is still showing the price including 6% GST (6% GST inclusive), what is the price to be paid by the consumer?
A : The price to be paid by the consumer after using tax fraction:
Example:
Display price (including GST 6%) : RM106
Price paid (excluding GST 6%) : RM106 X (100/106): RM100

- 17.15. Q : Is the insurer required to refund the GST paid by a policyholder for insurance cover made under an agreement for a period from 01 Jan 2018 to 31 Dec 2018 and the tax invoice and the payment related to the supply for that period has been made before 01 June 2018?
A : No.
- 17.16. Q : What is the status of banks appointed as a GST collector of tax on behalf of RMCD on and after 01 June 2018?
A : There is no change to the status of such banks.
- 17.17. Q : What is the GST treatment on the supply of goods specified as zero-rated supplies under Schedule 1 of the GST (Zero-Rated) Order 2014?
A : The supply of such goods are treated as taxable supplies subject to GST at the standard rate of 0%.
- 17.18. Q : What is the GST treatment on the supply of services specified as zero-rated supplies under Schedule 2 of GST (Zero-Rated) Order 2014?
A : Standard rate 0%.
- 17.19. Q : Referring to questions 17.17 and 17.18, does a tax invoice need to be issued?
A : Yes.
- 17.20. Q : I have received a full payment of RM100,000 on 20 May 2018 for the supply of taxable goods which were delivered to my buyer on 02 June 2018. What is the GST treatment for that supply?
A : The supply is subject to GST at the rate of 6% and the full payment received is inclusive of GST. Use the tax fraction (6/106) to determine the amount of tax to be accounted for.
- 17.21. Q : I have obtained a relief of bad debt before 01 June 2018. After 01 June 2018, my debtor repays the amount which I have been given relief. What is the GST rate applicable on my repayment of the tax due and payable after 01 June 2018?
A : Repayment of the tax should be accounted for at a standard rate of 6%.
- 17.22. Q : Can claiming of bad debt relief be allowed effective from 01 June 2018 if the debt has not been recovered 4 months from the date of supply?
A : No. You must meet the 6 months period and any other conditions applicable.
- 17.23. Q : Can bad debt relief be claimed effective from 01 June 2018 if the period exceeds 6 months from date of supply?
A : Yes, provided sufficient efforts have been made to recover the debt.
- 17.24. Q : What is the GST treatment for reimbursement related to a supply before 01 June 2018?
A : Reimbursement is treated as a supply made after 01 June 2018 and subject to GST at standard rate of 0%.

- 17.25. Q : I have signed a sale and purchase agreement to sell a unit of commercial building worth RM 1,600,000 on 01 April 2018. Upon signing the agreement, 10% deposit was received and the balance 90% will be received within 90 days i.e. on 11 June 2018. Vacant possession (VP) will be given upon settlement of the full payment. What is the GST treatment for this transaction?
- A : The deposit received upon signing the sale and purchase agreement which is part of the payment received before 01 June 2018 is subject to GST at standard rate of 6%. While, the remaining balance of 90% received on or after 01 June 2018 is subject to GST at standard rate of 0%.
- 17.26. Q : LMN Construction Sdn. Bhd. is a construction service provider. An amount of payment for his services had been retained by his customer as a retention sum. What is the GST treatment on the retention sum related to the construction work done before 01 June 2018 and the payment of the retention sum was made on or after 01 June 2018?
- A : The amount of retention sum related to the supply made before 01 June 2018 is subject to GST at standard rate of 6%. LMN Construction Sdn. Bhd. is liable to account for the output tax upon receiving of the retention sum even though payment was received on or after 01 June 2018.
- 17.27. Q : The joint management body / management corporation who manages the commercial buildings has received payment on 31 March 2018 as a consideration for the supply of maintenance and sinking fund for the period of 1 year from 01 January 2018 to 31 December 2018. Output tax at the rate of 6% has been accounted for in GST-03. Is there any change to the rate of tax for this supply?
- A : GST remains at standard rate of 6%.
- 17.28. Q : The joint management body / management corporation who manages a commercial building has yet to receive payment on the supply of services for the period of 01 January 2018 until 31 May 2018. Payment received on 02 July 2018. Should GST be charged at a standard rate 0%?
- A : No, GST is to be charged at a standard rate of 6%.
- 17.29. Q : What is the GST treatment on the supply of goods relief under First and Second schedule of GST (Relief Order) 2014?
- A : With the revocation of the GST (Relief Order) 2014, the supply of goods with effect from 01 June 2018 is subject to GST at the rate of 0%.
- 17.30. Q : A commercial development project was completed on 18 May 2018. However, the consultant is only able to issue the certificate of work done on 20 June 2018. Tax invoice is issued on 30 June 2018 after the consultant confirmed the final amount. Is GST to be imposed on standard rate of 6% or 0%?
- A : Standard rate of 6%.
- 17.31. Q : Jom Travel Sdn Bhd has made a hotel booking of RM101,760 and made a security deposit on 04 March 2018 amounting to RM30,528 and is expected to stay at the hotel on 15 July 2018. What is the GST implication on the supply to be made on 15 July 2018?
- A : For the purpose of GST, the security deposit received is not part of consideration on the supply. The whole supply is subject to GST at standard rate of 0%.

- 17.32. Q : Jom Travel Sdn Bhd has made a hotel group booking for 5 tourists from Indonesia and Jom Travel Sdn Bhd has made a full payment of RM6,360 (inclusive of GST 6%) on 15 February 2018 and will be staying at the hotel from 01 July 2018 to 09 July 2018. What is the GST rate applicable to the supply made by the hotel operator?
A : Supply of accommodation services is subject to GST at standard rate of 6% because full payment has been made before 01 June 2018.
- 17.33. Q : What is the status of my review application under section 124 of GSTA 2014 that has been made prior to 01 June 2018?
A : It will be processed by the RMCD.
- 17.34. Q : Can I make an appeal on or after 01 June 2018 against a review request which has been rejected by the RMCD before 01 June 2018?
A : Yes, the appeal can be made to the GST Tribunal.
- 17.35. Q : Does a GST registered person need to apply for relief by Minister of Finance 1/2017 on services related to exported goods effective from 01 June 2018?
A : There is no need to apply for relief.

- Tax code (As at 01 June 2018)

- 17.36. Q : What tax code is to be used for supply of goods / services made on or after 01 June 2018 and how it is supposed to be declared in GST-03?
A : A new tax code at the rate of 0% need to be created (SR-0) or any code that the company uses for standard rated local supplies at 0% on or after 01 June 2018. This tax code needs to be declared in column 5 (a) of the GST-03 return.
- 17.37. Q : Can I use a zero-rated supply code (ZRL) for standard rated supplies instead of SR-0?
A : Yes, the company may use ZRL code or any new code created for local supply at 0%. In the case of zero-rated supply (ZRL) made on or after 01 June 2018, value of supply shall be declared in column 5 (a) of GST- 03 because all ZRL supply have been changed to a standard rate 0%.
- 17.38. Q : Starting from 01 June 2018, how to declare supplies given relief by Minister, exempt supplies, other supplies (out-of-scope) and export of goods?
A : Normal rules apply to the declaration of the GST-03 return and tax code.
- 17.39. Q : What tax code is to be used for acquisition of goods / services made on or after 01 June 2018 and how is it supposed to be declared in GST-03?
A : A new tax code at the rate of 0% need to be created (TX-0) or any code that the company uses for standard rated local purchase at 0% on or after 01 June 2018. This tax code needs to be declared in column 6 (a) of the GST-03 return
- 17.40. Q : Can I use a zero-rated acquisition code (ZP) for standard rated acquisition instead of TX-0?
A : Yes, the company may use the ZP code or any new code created for purchases at 0%. In the case of zero-rated purchases (ZP) made on or after 01 June 2018, value of purchase shall be declared in column 6 (a) of GST-03 because all ZP purchases have been changed to a standard rate 0%.

- 17.41. Q : For credit notes and debit notes received from suppliers on or after 01 June 2018 relating to tax invoices for 6% standard rate supply issued before 01 June 2018, what tax code should be used for adjustment purposes involving negative values?
- A : If a negative value exists in column 5 (b) of the GST-03, the adjustment for tax claim purposes shall use the "AJP" code and be pledged in column 6 (b) of the GST-03 statement. On the other hand, if a negative value exists in column 6 (b) of the GST-03, adjustments for tax purposes should use the "AJS" code and pledged in item 5 (b) of the GST-03 statement.
- 17.42. Q : What is the tax code used for issuance of debit note and credit note on or after 01 June 2018 which is related to tax invoice issued before 01 June 2018 for supply of standard rated goods / services at the rate of 6%?
- A : The tax code to be used is SR (6%).

The information provided in this FAQ's aim to provide better understanding of GST treatment and is not intended to address all possible GST issues. The information is correct as at the date of publication. RMCD has the right to amend or withdraw this FAQ.

Royal Malaysian Customs Department.