



**ROYAL MALAYSIAN CUSTOMS**

**MALAYSIA GST COMPLIANCE  
ASSURANCE PROGRAMME  
( MyGCAP )**

**GENERAL GUIDE**

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## **INTRODUCTION**

1. Malaysia GST Compliance Assurance Programme (MyGCAP) is a smart partnership initiative between Royal Malaysian Customs Department (RMCD) and GST-registered businesses. The initiative aims to encourage businesses to better manage GST risks and improve compliance on a voluntary basis within an effective and robust control framework. This General Guide is to provide a better understanding on matters pertaining to MyGCAP.

### **Objective of MyGCAP**

2. The main objective of this initiative is to cultivate voluntary and continuous compliance among GST-registered businesses. Participation in MyGCAP will provide them the guidance to voluntarily conduct a holistic risk-based review on the effectiveness of their internal controls, working towards enhancing the overall level of GST compliance.

### **Overview of MyGCAP**

3. A GST registered business that intends to apply for MyGCAP status has to appoint an independent MyGCAP Reviewer to conduct a review on how its GST Control Framework operates, verifying transactions made over a period of 12 months. The review should be performed based on the methodology as laid out in the MyGCAP Review Guidance.
4. The reviewer is also required to verify the GST-03 returns of the applicant for a non-consecutive 12 taxable periods spread over three financial years.
5. The applicant will be accorded MyGCAP status if it has attained the benchmark levels of GST controls and compliance in GST-03 declarations besides fulfilling other related conditions.

## **BENEFITS OF MyGCAP**

6. GST-registered businesses that have been accorded MyGCAP status will enjoy the following benefits for a period of **4 years** from the approval date:
- (i) Expeditious GST refunds;
  - (ii) Auto renewal of Special Schemes (e.g. Approved Trader Scheme);
  - (iii) Step-down of RMCD compliance activities and GST Audits unless significant anomalies or irregularities noted in GST returns;
  - (iv) The waiver of penalties for voluntary disclosures of non-fraudulent errors detected under the MyGCAP Review, to be considered based on the merits of each case.
  - (v) A dedicated team of 'Subject Matter Experts'(SMEs) to assist and resolve GST issues expeditiously.

## **ELIGIBILITY CONDITIONS**

### **MyGCAP Participation**

7. A company applying for MyGCAP status is required to meet all the following conditions:
- (i) Be a Public Listed Company(PLC), Government Linked Company (GLC) or with annual turnover of RM100 million and above;
  - (ii) Has been registered for GST for at least 2 years;
  - (iii) Holds latest audited financial statements with unqualified auditor's opinion;

- (iv) Not currently under investigation or GST audit;
- (v) Has good compliance records on matters relating to legislations administered by RMCD;
- (vi) Has ascertained its suitability of MyGCAP participation by performing a self-assessment based on the “Self-Review Checklist”; and
- (vii) Has committed to appoint an accredited MyGCAP Reviewer to conduct the independent review.

### **To Become MyGCAP Reviewer**

8. Tax practitioners who wish to be enrolled as qualified MyGCAP Reviewers have to fulfil the following conditions:
  - (i) Being a registered member of either Malaysian Institute of Accountants (MIA), Chartered Tax Institute of Malaysia (CTIM) or Malaysian Association of Tax Accountants (MATA);
  - (ii) Passed the GST Tax Agent qualifying examination;
  - (iii) Passed both the qualifying examination and interview for MyGCAP Reviewers; and
  - (iv) Obtained accreditation as a qualified MyGCAP Reviewer by RMCD.
9. MyGCAP Reviewer’s accreditation can be suspended or revoked if discovered any act of compromising professional ethics and in connivance with producing misleading MyGCAP Review Reports.

## RESPONSIBILITIES

### MyGCAP Applicant

10. MyGCAP applicant is responsible for the following:
- (i) Appoint a GST-registered firm comprising **at least two** accredited MyGCAP Reviewers.
  - (ii) Facilitate MyGCAP Reviewer to complete the review process.
  - (iii) Submit MyGCAP Reviewer's Report and MyGCAP Control Checklist to RMCD within 6 months from the date of the acceptance of the application.
  - (iv) Submit a detailed description of errors discovered during the review process.
  - (v) Quantify the amount of tax involved of the abovesaid errors, if any, and make a voluntary disclosure to RMCD.
  - (vi) Disclose any changes to business processes being planned ahead for the next 12 months.

### MyGCAP Reviewer

11. The responsibilities of MyGCAP Reviewers are as follows:
- (i) Verification of GST-03 returns:
    - (a) for GST-registered business under group registration, 6 taxable periods to be verified over three financial years. The taxable periods selected shall comprise at least 3 non-consecutive intervals.

- (b) for single GST-registered registrants, verification should be done for 12 taxable periods covering 3 financial years. The 12 taxable periods selected shall consist of at least 3 non-consecutive intervals.
- (ii) Submit a detailed description of errors discovered during the review process indicating the applicant's exposure to tax liability, if any, to RMCD.
- (iii) Documenting the details of the review findings in MyGCAP Reviewer's report.
- (iv) Prepare and submit MyGCAP Reviewer's Report and MyGCAP Control Checklist to MyGCAP applicant.

## **MyGCAP PROCESS**

### **Preparation For MyGCAP Participation**

12. Prospective MyGCAP applicants are encouraged to perform a self-assessment, referring to the 'Self-Review Checklist' in the MyGCAP Review Guidance.
13. After ascertaining their suitability to participate, the prospective applicant should start collating and preparing the information required for MyGCAP Review.
14. The MyGCAP Review Guidance is to be used as reference on matters relating to the review process.

### **The MyGCAP Review**

15. The whole review process requires facilitation by the applicant, working closely with the MyGCAP Reviewer towards timely completion of the review and submission of the MyGCAP Review Report.
16. The MyGCAP Reviewer should conduct the review and document the findings in the manner as spelt out in the MyGCAP Review Guidance.

### **Submission of MyGCAP Review Report**

17. The MyGCAP Review Report and the related information specified in the MyGCAP Review Guidance has to be submitted to RMCD within 6 months from the date of acceptance of MyGCAP participation.

### **Evaluation and Approval by RMCD**

18. RMCD will accord the MyGCAP status to the applicant after evaluation and decision by the MyGCAP Approval Panel within 3 months from receiving the MyGCAP Review Report.

## **ACCORDING MyGCAP STATUS AND MONITORING**

### **Settlement of Taxes**

19. Any errors discovered in the MyGCAP Review that leads to voluntary disclosure of the amount of taxes involved has to be settled before the approval of the MyGCAP application. This should also include recurring errors in declarations that involve GST in prior years.

### **Validity Period**

20. Applicants who have fulfilled the requirements and approved by the MyGCAP Approval Panel will be accorded MyGCAP status for a period of 4 years.

### **Susequent Monitoring**

21. MyGCAP Status Holders has to perform two post-reviews during the validity period. The first has to be completed within 18 months from the date of obtaining the status and the second post-review to be completed before the end of the validity period.
22. Companies who are renewing their MyGCAP status will be exempted from performing the second post-review.
23. Any voluntary disclosure relating to errors discovered during the post-reviews within the validity period of MyGCAP status will also be considered for penalty waiver based on the merits of each case.

### **TERMINATION BEFORE EXPIRY OF MyGCAP STATUS**

24. MyGCAP status holder should notify RMCD on the occurrence of any of the following situations:
  - (i) Failure to comply with the stipulated conditions or requirements imposed by RMCD.
  - (ii) Has provide false, misleading or incorrect information relating to GST return declarations or compliance to the GST Control Framework.
  - (iii) Has been given qualified report by the statutory auditor or public accountant on the financial statements and matters relating to the effectiveness of the business's internal control system.
  - (iv) Inactive and cessation of business or put under receivership or liquidation.

25. With the occurrence of the abovesaid situations, RMCD may revoke the MyGCAP status before the expiry date.

### **CHANGES OF GST REGISTRATION STRUCTURE**

26. If there are any changes in the GST registration structure during the validity period, the MyGCAP status is not transferable to another entity.
27. The common situations that occur are such as:
- (i) A MyGCAP single GST registrant subsequently become a member of a GST group registration that do not hold MyGCAP status.
  - (ii) Withdrawal of a member from a GST group registration holding MyGCAP status and subsequently becomes a single GST registrant.
  - (iii) Mergers and acquisitions involving MyGCAP status holders. The continuity of the MyGCAP status arising out of such events will be evaluated individually by RMCD.

### **RENEWAL OF MyGCAP STATUS**

28. MyGCAP status holders who intend to renew their status are subjected to renewal review prior to the expiry.
29. RMCD will determine matters such as the returns, periods and controls to be tested or reviewed and documents or sample sizes to be reviewed.
30. An independent MyGCAP reviewer has to be appointed to perform such review and to submit the review report within 3 months after the expiry date.

## **FURTHER INFORMATION**

For further information and enquiries relating to MyGCAP and the contents of this General Guide, please contact:

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