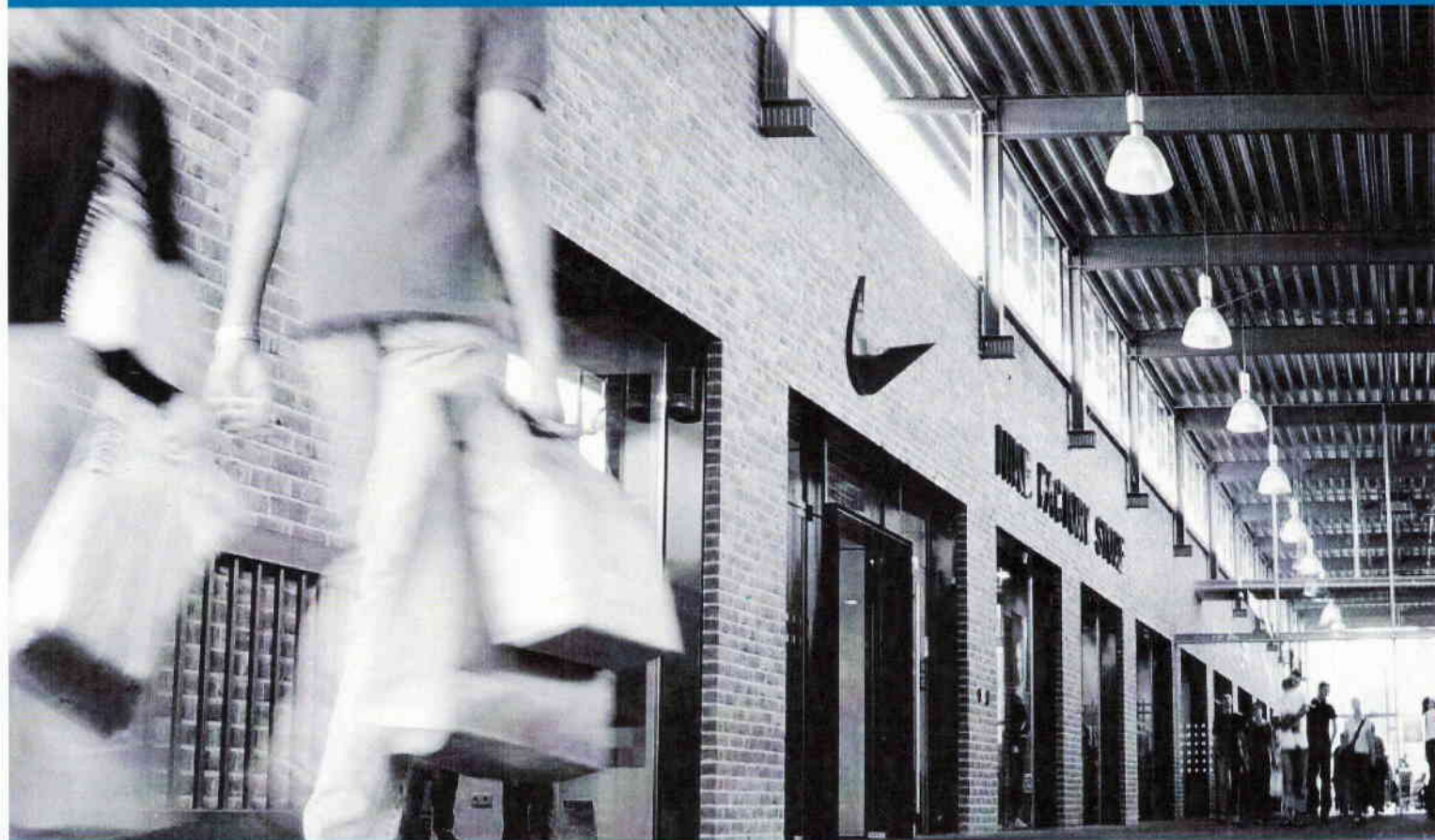


• GOODS & SERVICES TAX SEMINAR 2016 •



GST TREATMENT FOR RETAIL & WHOLESALE

ISSUES & UPDATES

22 SEPTEMBER 2016 (THURSDAY)

BUKIT JALIL GOLF & COUNTRY RESORT, KUALA LUMPUR

08.30 am - 05.00 pm

ORGANIZED BY:
PERSATUAN PEGAWAI KANAN KASTAM MALAYSIA
CAWANGAN PUTRAJAYA



GOODS AND SERVICES TAX SEMINAR (GST)

GST
Goods & Services Tax

GST TREATMENT ON RETAIL SECTOR

Date: 22 SEPTEMBER 2016
Place: BUKIT JALIL, KUALA LUMPUR



IBU PEJABAT KASTAM DIRAJA MALAYSIA
BAHAGIAN GST
ARAS 3 & 4, BLOK A, MENARA TULUS
NO. 22 PERSIARAN PERDANA, PRESINT 3
62100 PUTRAJAYA

PRESENTATION AGENDA

1. INTRODUCTION
2. BASIC ELEMENTS OF GST
3. ACCOUNTING FOR GST
4. GST ISSUES

Introduction



INTRODUCTION

GST

Imposition and scope of GST

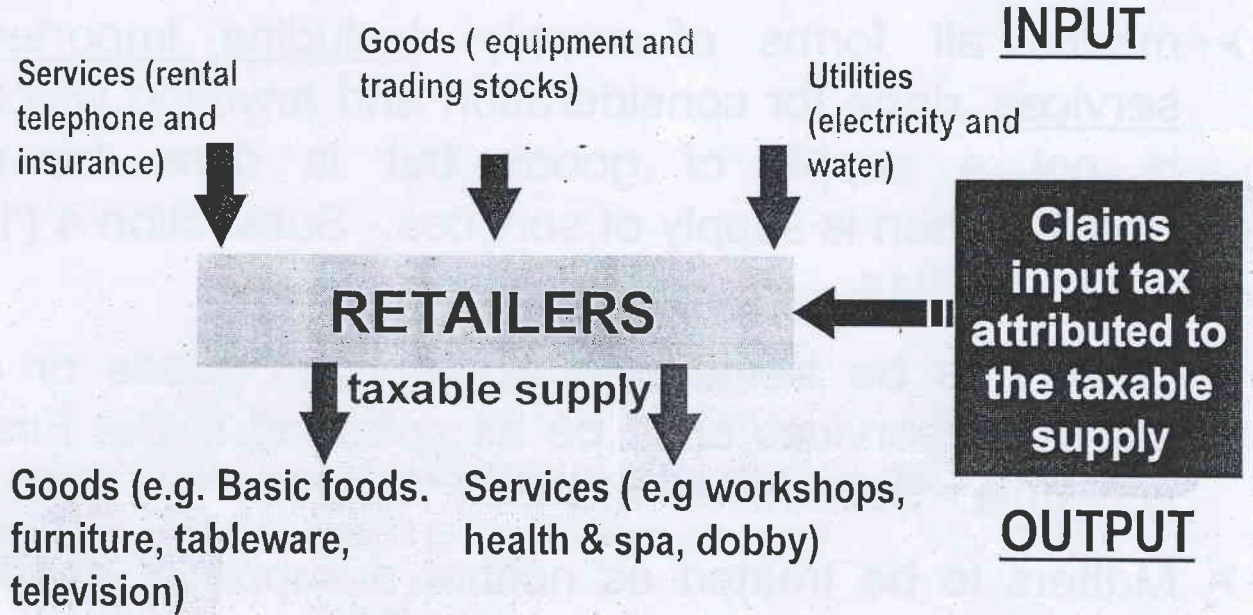
Sections 9(1) GST Act 2014

A tax to be known as goods and services tax, shall be charged and levied on—

- (a) any supply of goods or services made in Malaysia, including anything treated as a supply under this Act;
and
- (b) any importation of goods into Malaysia.



GST charged on inputs = Input tax



charges GST on outputs = Output tax

BASIC ELEMENTS OF GST



Supply:

- means all forms of supply, including imported services, done for consideration and anything which is not a supply of goods but is done for a consideration is supply of services.- Subsection 4 (1) GST Act 2014
- Matters to be treated as a supply of goods or a supply of services shall be as specified in the First schedule.- Subsection 4(2) GST Act 2014
- Matters to be treated as neither a supply of goods nor a supply of services shall be as specified in the second schedule.- Subsection 4(3) GST Act 2014



Matters to be treated as a supply of goods or a supply

Subsection 4(2) GST Act 2014



FIRST SCHEDULE

- the transfer of the whole property in goods
- the transfer (of possession of the goods) with agreement to sell or to pass the property in the future
- Transfer of land under
 - an agreement for sale,
 - an agreement where ownership of such land will pass at some time in the future;
 - any interest under Deed of Assignment;
 - any strata title
 - as a result of default in payment under a security relating to land
- Utilities
- Transfer or disposal of business assets

FIRST SCHEDULE

- The transfer of any undivided share of property or the transfer of possession of the goods
- Any treatment or process which is being applied to another person's goods is a supply of services
- Goods for business used put for private use or any non business purpose
- Supply of service with no consideration to connected persons



Deemed supply of goods (1st Schedule of the GST Act 2014)

- transfer or disposal of business assets (excluding gifts \leq RM500 and samples)
 - change of use of blocked input tax goods
 - goods belonging to taxable person sold by other person in satisfaction of debt
 - business assets on deregistration (excluding business asset transferred as transfer of going concern by transferee or to personal representative), business assets on deregistration (excluding business asset transferred as transfer of going concern by transferee or to personal representative), except those assets no ITC was allowed, or not acquired under TOGC, or acquired from a non taxable person (subpara 5 (9))
-
- **Deemed supply of services (1st Schedule the GST Act 2014)**
 - goods for business use put for private use or any non business purpose
 - supply of services not for consideration to connected person



Persons shall be deemed to be connected if—

- (a) they are officers or directors of one another's business;
- (b) they are legally recognised partners in business;
- (c) any one person directly or indirectly owns, controls, or holds five per cent or more of the outstanding voting stock or shares of both of them;
- (d) one of them directly or indirectly controls the other;
- (e) both of them are directly or indirectly controlled by a third person;
- (f) together they directly or indirectly control a third person; or
- (g) they are members of the same family

Persons shall be deemed to be members of the same family if—

- (a) they are connected by blood relationship within the fourth degree of relationship;
- (b) they are married to one another or if one is married to a person who is connected within the fourth degree of relationship to the other; or
- (c) one has been adopted as the child of the other or as a child of a person who is within the third degree of relationship to the other.

Supply within group

Subsections 27(6) GST Act 2014

Where companies have been treated as a group—

- (a) *any taxable supply of goods or services by a member of the group to another member of the group shall be disregarded;*
- (b) *any taxable supply of goods or services by or to a member of the group shall be treated as a supply by or to the representative member;*
- (c) *any business carried on by a member of the group shall be treated as carried on by the representative member; and*
- (d) *any importation of goods or supply of imported services by any member shall be treated as being imported by the representative member and any tax paid or due and payable by a member of the group on the importation of goods or supply of imported services shall be treated as paid or due and payable by the representative member.*

DG's Decision item 1, 8/2015

Whether supply of accommodation with furniture to an employee without consideration is considered as employee benefit?

- (i) Employee benefit includes supply of accommodation or residential housing to the employee for free of charge but does not include furniture.
- (ii) Supply of accommodation under employee benefit which relates to an exempt supply under the GST (Exempt Supply) Order 2014 is considered as used for the purpose of business. The employer is not required to account for GST on the supply of accommodation and is not entitled to claim the input tax incurred on the acquisition of the accommodation.
- (iii) However, in the case where –
 - (a) the supply of accommodation is inclusive of furniture, the supply of furniture whether or not for consideration is subject to GST. The employer is liable to account for GST accordingly and is entitled to claim input tax incurred on the acquisition of the furniture.
 - (b) the supply of accommodation to the employee, benefit of the employee's family irrespective whether it is furnished or unfurnished, the employer is blocked from claiming the input tax incurred.



Taxable supplies

- sale of goods such as kitchen wares, books, stationeries, textiles, jewelleryes, and other goods
- provision of services (e.g. health & spa, entertainment outlets, cinema and restaurant)
- Imported services
- loan of trading stocks
- business assets put to private use
- gifts exceeding RM500 *per person per year*
- disposal of business assets
- goods on hand at deregistration



Non Supply

Matters to be treated as neither of supply of goods nor a supply of services (2nd Schedule)

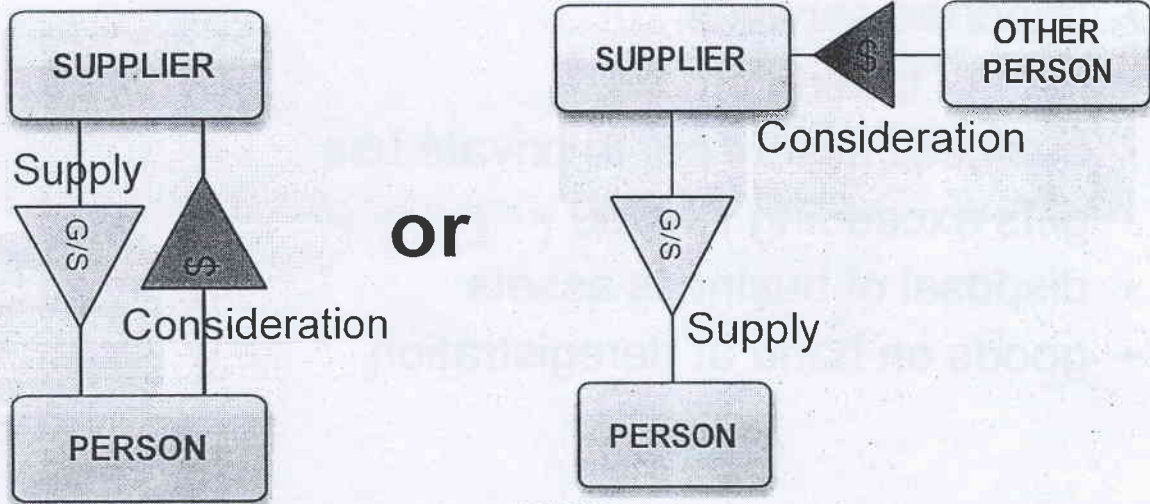
- transfer of going concern
- contribution to pension, provident or social security fund
- supplies by any society or similar organization
- supplies excluded from credit
- supplies of goods or services under Islamic finance
- insurance indemnity payment
- diplomatic and consular services



Consideration

-Subsection 2(1) GST Act 2014)

any payment made or to be made whether in money or otherwise in respect of the supply of goods or services, by the person or by any other person.



GST DIVISION
ROYAL MALAYSIAN CUSTOMS DEPARTMENT



Value of supply in the context of GST :-

- the consideration for calculation of GST
- form of payment in money or in kind, in exchange for supply
- value includes excise duty

Consideration in money

- payment made in cash, cheque, credit card, monetary voucher, token or other means whether in physical or electronic form that represents a right to received supply to the value of an amount stated on it or recorded in it

Non-monetary consideration

- payment in the form of goods or services.
- Needs to determine the amount that would have been given in money if something else is used for payment

if something is given in exchange is incapable of being expressed in monetary terms, it cannot be regarded as non-monetary consideration

GST DIVISION
ROYAL MALAYSIAN CUSTOMS DEPARTMENT



Consideration wholly in money

-Section 15(2) GST Act 2014)

Where the supply is for a consideration in money, the value of the supply shall be taken to be an amount, with the addition of the tax chargeable, equal to the consideration.



Consideration wholly in money

consideration in money

Example:

A company sells a car for RM 318000 (inclusive of 6% GST)

$$\begin{aligned}
 \text{GST} &= \text{Consideration} \times \text{Tax fraction} \\
 &= \text{RM}318000 \times 6/106 \\
 &= \text{RM}18000
 \end{aligned}$$

$$\begin{aligned}
 \text{consideration} &= \text{Value} + \text{GST} \\
 \text{RM}318000 &= \text{RM}300000 + \text{RM}18000
 \end{aligned}$$

or,

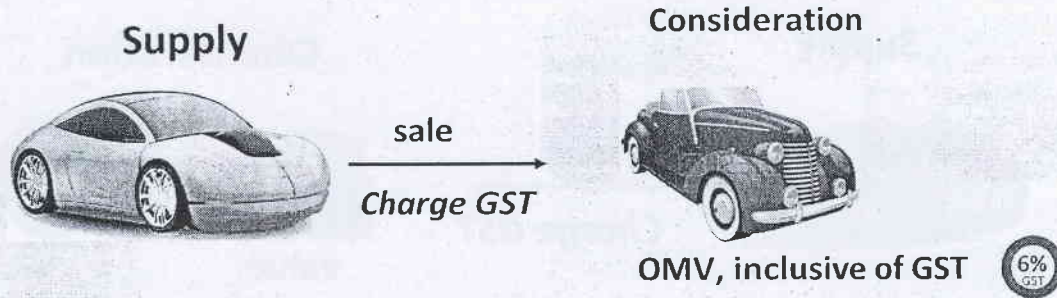
$$\begin{aligned}
 \text{Value} &= \text{RM}318000 - \text{RM}18000 \\
 &= \text{RM}300000
 \end{aligned}$$



Consideration not in money

-Section 15(3) GST Act 2014)

Where the supply is for a consideration not in money, the value of the supply shall be taken to be an amount, with the addition of the tax chargeable, equal to the open market value (OMV) of that consideration.



Consideration not in money

Consideration in the form of other than money

Example:

A company sells a new car in exchange with an old car worth RM 212000 (OMV always treated inclusive of 6% GST)

$$\begin{aligned}
 \text{GST} &= \text{Consideration} \times \text{Tax fraction} \\
 &= \text{RM}212000 \times 6/106 = \text{RM}12000
 \end{aligned}$$

$$\text{Value} = \text{RM}212000 - \text{RM}12000 = \text{RM}200000$$

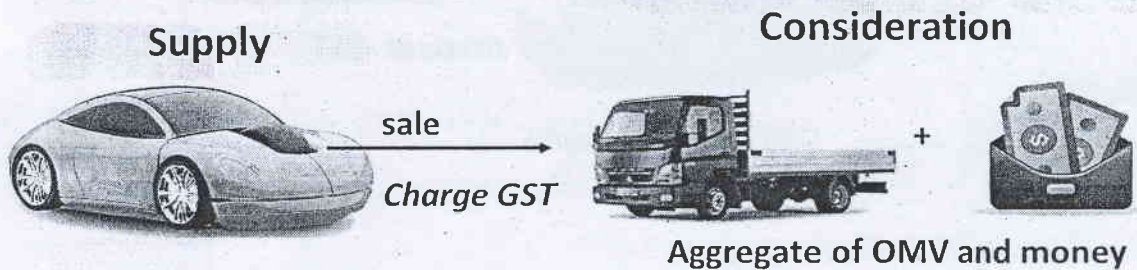


Consideration not wholly in money

Section 15(4) GST Act 2014)

Where the supply is for a consideration not wholly in money, the value of the supply shall be taken to be an amount, with the addition of the tax chargeable, equal to the aggregate of—

- (a) to the extent that the supply is for a consideration in money, the amount of the money; and
- (b) to the extent that the supply is not for a consideration in money, the open market value of that consideration.



GST DIVISION
ROYAL MALAYSIAN CUSTOMS DEPARTMENT



Consideration not wholly in money

e.g. :A company sells a new car for RM 84800 (cash) + old lorry worth RM21200.

For a Consideration in money:

$$\begin{aligned}
 \text{GST} &= \text{Consideration} \times \text{Tax fraction} \\
 &= \text{RM}84800 \times 6/106 \\
 &= \text{RM}4800 \\
 \text{Value} &= \text{RM}84800 - \text{RM}4800 = \text{RM}80000
 \end{aligned}$$

Part of Consideration not in money

$$\begin{aligned}
 \text{GST} &= \text{OMV} \times \text{Tax fraction} \\
 &= \text{RM}21200 \times 6/106 \\
 &= \text{RM}1200 \\
 \text{Value} &= \text{RM}20,000 - \text{RM}1200 = \text{RM}18,800 \\
 \text{Total GST} &= \text{RM}4800 + \text{RM}1200 = \text{RM}6000
 \end{aligned}$$

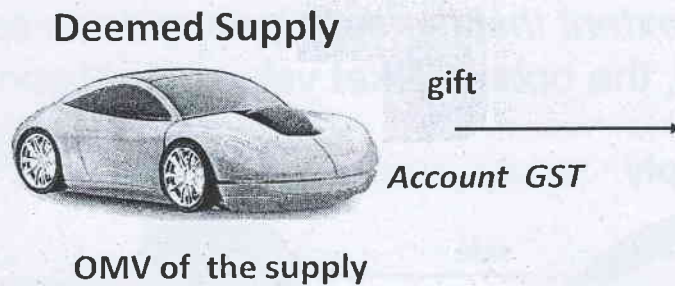
GST DIVISION
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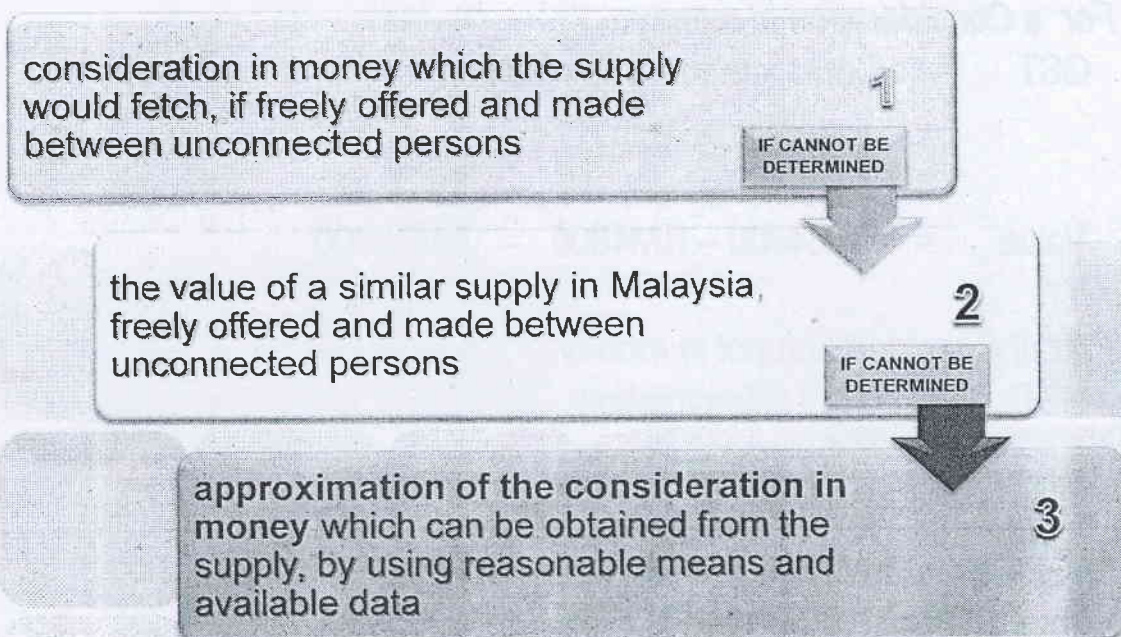
Supply not for a Consideration

-Section 15(5) GST Act 2014)

Where the supply is not for a consideration, the value of the supply shall be taken to be an amount, with the addition of the tax chargeable, equal to the open market value of that supply.



Open market value (OMV) of any supply of goods or services shall be in the following hierarchy:





→ Use open market value:

- ❖ When value of supply is less than open market value for supply to recipient who is—
 - connected person, and
 - not entitled to ITC
- ❖ On the supply of passenger motorcar—
 - *Because of change in used by the supplier*
- ❖ On the supply of goods by virtue of—
 - *Disposal of business asset without consideration*
 - *Disposal on deregistration*
- ❖ On the free supply of services to connected person



Token, stamp (other than postage stamp) or voucher

Paragraph 3 of Third Schedule of GST Act 2014.

Where a right to receive goods or services for a monetary value stated on any token, stamp (other than postage stamp) or voucher is granted for a consideration, the consideration shall be disregarded except to the extent, if any, it exceeds the monetary value.



CONSIDERATION AND VALUE OF SUPPLY

GST

The value of goods imported into Malaysia shall be the sum of the following amounts:

- the value of the goods for the purpose of customs duty determined in accordance with the Customs Act 1967
- the amount of customs duty, if any, paid or is to be paid on the goods
- the amount of excise duty, if any, paid or is to be paid on the goods.

Example 1:

- CIFC = RM 100,000.00 and assume the import duty 10%

$$\begin{aligned} \text{GST} &= \{\text{CIFC} + \text{amount of import duty paid or is to paid}\} \times 6\% \\ &= \{\text{RM}100,000 + \text{RM}10,000\} \times 6\% \\ &= \text{RM}110,000 \times 6\% \\ &= \text{RM}6,600.00 \end{aligned}$$



CONSIDERATION AND VALUE OF SUPPLY

GST

Example 2:

- CIFC = RM 100,000.00 and assume the import duty 10% (100% Exemption)

$$\begin{aligned} \text{GST} &= \{\text{CIFC} + \text{amount of import duty paid or is to paid}\} \times 6\% \\ &= \{\text{RM}100,000 + \text{RM}0\} \times 6\% \\ &= \text{RM}100,000 \times 6\% \\ &= \text{RM}6,000.00 \end{aligned}$$

- Importation and exportation document are required to keep based on record keeping under section 37 of the GSTA 2014:
 - ✓ Customs declaration form;
 - ✓ Payment slip (CoR);
 - ✓ Invoices. shipping document;
 - ✓ Other related document (e.g Bank Statement)



Value of imported services

- imported services
Value = value of invoice or payment made



General Rules

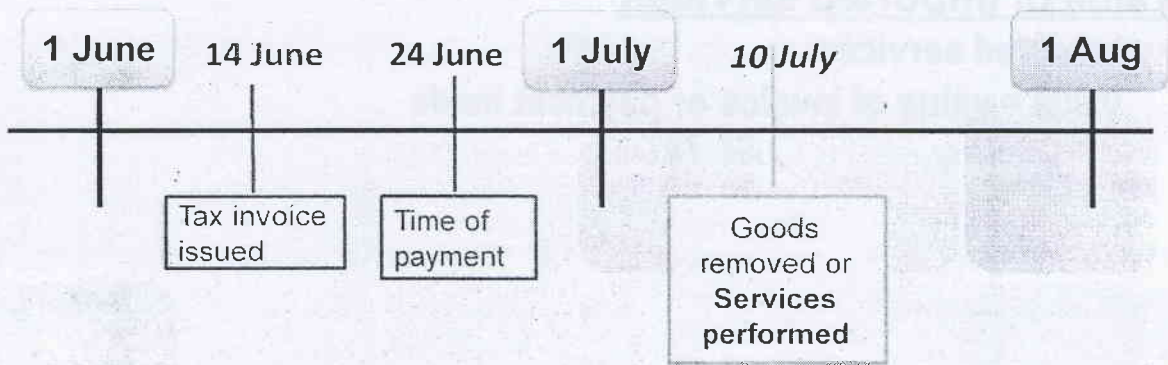
- **Basic Tax Point**
 - basic tax point for supply of goods
 - (a) at the time the goods are removed;
 - (b) at the time when the goods are made available
 - (c) when it becomes certain that a supply has taken place under **Consignment sales**. (i.e. goods has been sold by consignee - Date of Sales Statement)
 - basic tax point for supply of services
at the time when the services are performed.



TIME OF SUPPLY

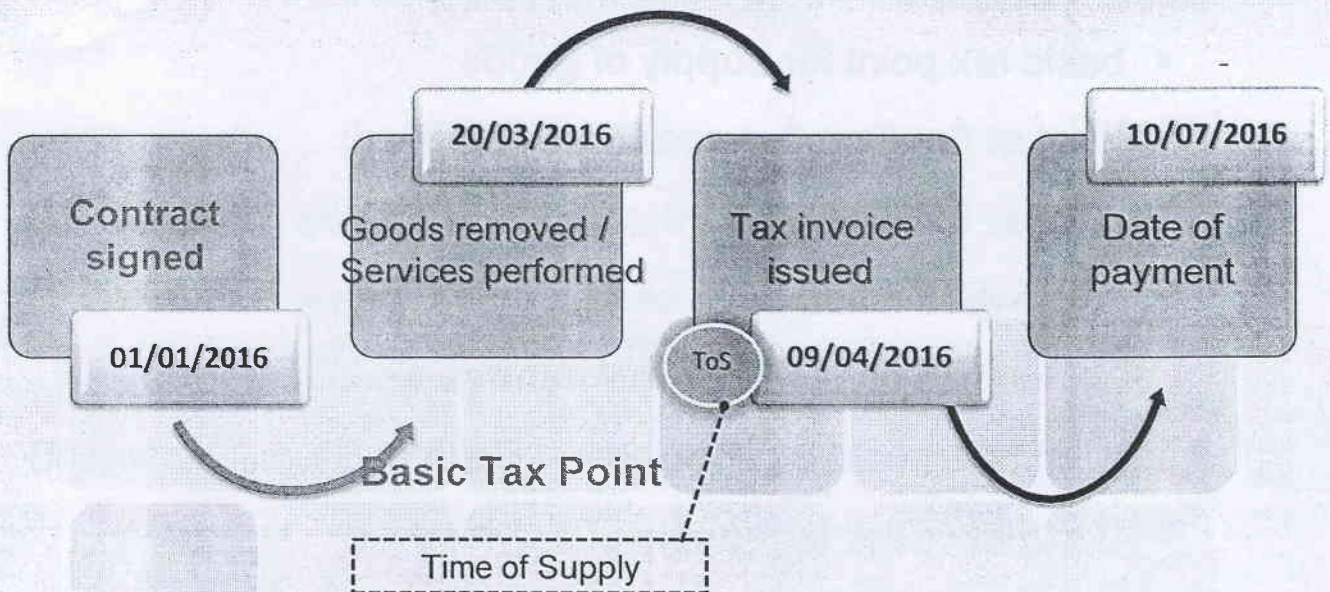
Events before basic tax point

Time of Supply → when the payment is received or tax invoice is issued to the extent covered by the invoice or payment, whichever is the earlier.



TIME OF SUPPLY

Illustration of 21 days rule





IMPORTED SERVICES

Subsection 13(4) of GSTA 2014

Notwithstanding section 11 and for the purposes of subsection (1), the time of supply of imported services shall be treated to have been made at the earlier of the following dates:

- (a) the date when any payment is made by the recipient; or
- (b) the date when any invoice is issued by the supplier who belongs in a country other than Malaysia or who carries on business outside Malaysia.

Time of supply (w.i.t.e)

- Date of invoice issued by supplier; or
- Date of payment made



Exception Rules for time of supply- examples

- goods on consignment – the date when the sale becomes certain
- supplies of power, water, gas, light – the date when the bills are issued or payment are made
- goods put to private use – on the last day of the taxable period when goods are used
- supplies via vending or coin operated machines – the time when the coins are removed from the machines
- supplies provided continuously – when payment is received or invoice is issued

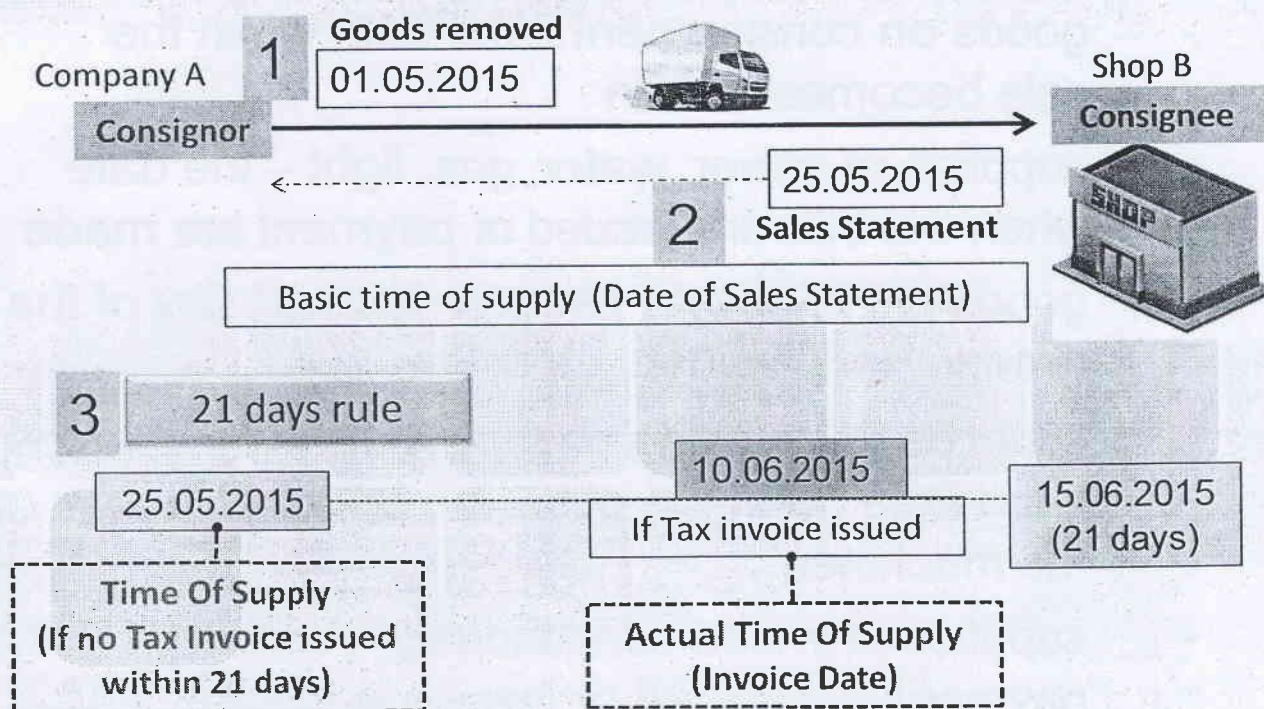
TIME OF SUPPLY

- **Basic Tax Point for consignment sales**
when it becomes certain that a supply has taken place under **Consignment sales**. (i.e. goods has been sold by consignee - Date of Sales Statement)

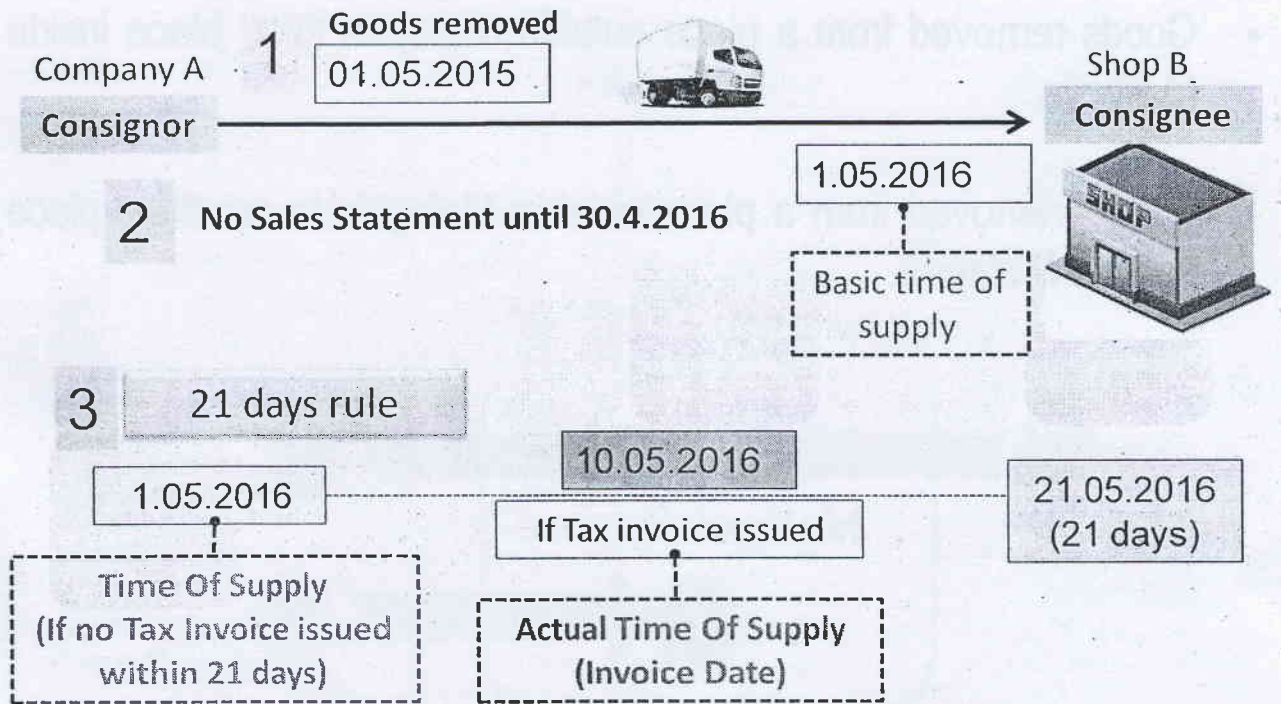


TIME OF SUPPLY

Example: If sales statement issued by consignee



Example: If goods sold by consignee but no sales statement issued by consignee

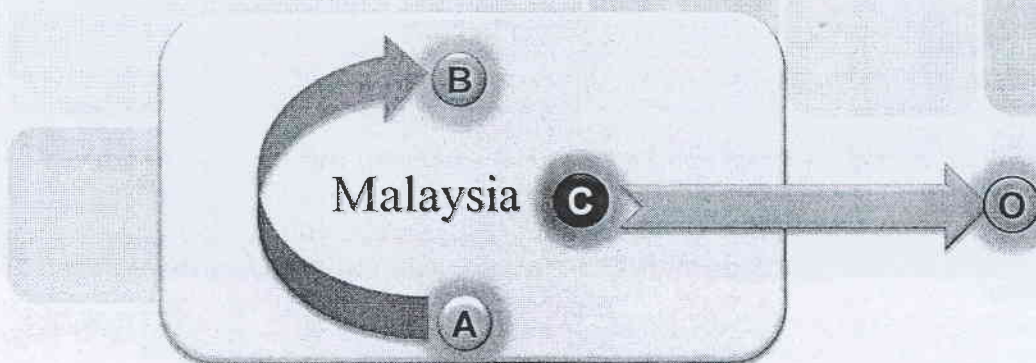


GST DIVISION
ROYAL MALAYSIAN CUSTOMS DEPARTMENT

-Section 12(2) GST Act 2014)

Goods treated as supplied in Malaysia

- Goods removed from a place in Malaysia to another place in Malaysia
- Goods removed from a place in Malaysia to a place outside Malaysia



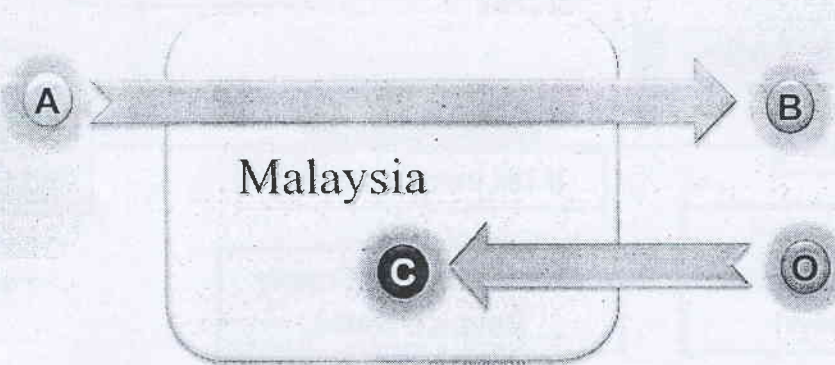
GST DIVISION
ROYAL MALAYSIAN CUSTOMS DEPARTMENT



-Section 12(2) GST Act 2014)

Goods treated as supplied outside Malaysia

- Goods removed from a place outside Malaysia to a place inside Malaysia
- Goods removed from a place outside Malaysia to another place outside Malaysia



GST DIVISION
ROYAL MALAYSIAN CUSTOMS DEPARTMENT



SUPPLY OF SERVICES

No.	Where does the supplier of services belong?	Place of supply?
1.	Malaysia	Malaysia
2.	Another country	Outside Malaysia



-Section 14 GST Act 2014

Place where supplier of services belongs

14. (1) The supplier of services shall be treated as belonging in a country if—
- (a) *he has in that country a business establishment or fixed establishment and no such establishment elsewhere;*
 - (b) *he has no business establishment or fixed establishment in any country but his usual place of residence is in that country; or*
 - (c) *he has business establishments or fixed establishments both in that country and elsewhere and his establishment which is most directly concerned with the supply is in that country*
- (2) For the purposes of this section, a fixed establishment in any country includes a branch or an agency through which a person carries on a business in that country.

ACCOUNTING FOR GST



Issuance of Tax Invoice

- Every registered person who makes any taxable supply of goods or services in the course or furtherance of any business in Malaysia shall issue a tax invoice to his buyer within 30 days from the date of payment made by the buyer on such supply (in full or in part).
- This 30 days period does not change the 21 days rule provided under section 11 GSTA.

*DG's Decision 3/2015
Amendment 4/2015*



- Tax invoice shall be issued by every registered person who makes any taxable supply in the course or furtherance of any business in Malaysia
- Shall contain prescribed particulars
- Director General may allow the person to issue a simplified tax invoice or a self billed invoice.
- Commits an offence if registered person :
 - ✓ fails to issue a tax invoice; or
 - ✓ issue a tax invoice which does not contain any of the prescribed particulars

TAX INVOICE

Supplier's name, address and GST identification number

KILANG KASUT SEDAP PAKAI SDN.BHD.
 Lot 123, Jalan Pengkalan, 31500 Lahat, Perak
 (GST ID No : 100001/2015)
 Tel 05-3349876

Invoice No: 0001111
 Date 25 Jun 2015
 D/O No S000345

Tax Invoice serial number

Date of Tax Invoice

Customer's name & address

To: Syankat Kasut Ali Sdn. Bhd.
 No. 27, Jalan Maju Jaya,
 31400 Ipoh, Perak.

TAX INVOICE

The words "Tax Invoice" clearly indicated

Serial No.	Description	Quantity	Unit Price (RM)	Total (RM)
1	School Shoes SS1201	200	8.00	1,600.00
2	School Shoes SS1210	200	10.00	2,000.00
3	Sport Shoes SP2315	50	25.00	1,250.00
				4,850.00
Discount @ 10%				(485.00)
Total before GST				4,365.00
Add GST @ 6%				261.90
Total Sales				4,626.90

Description of goods supplied

Quantity of goods or extent of the services supplied

Rate of GST

Total amount payable, excluding GST

Total amount of GST charged

Total amount payable, inclusive of GST

KILANG KASUT SEDAP PAKAI SDN.BHD.

ROYAL MALAYSIAN CUSTOMS DEPARTMENT

Item 5: DG's Decision 1/2015

Simplified Tax Invoice

➤ Simplified tax invoice refers to tax invoice without full particulars prescribed in regulation 22 GSTR and this tax invoice can only be issued by a registered person who has been granted approval by the DG.

➤ **Decision**

DG pursuant to section 33(3)(a) of GSTA gives his approval (blanket) to any registered person who makes a supply to end consumer (not businesses), to exclude following particulars in their tax invoices –

- (a) the word 'tax invoice' (reg. 22(a) GSTR);
- (b) name and address of the recipient (reg.22(e) GSTR);
- (c) the total amount payable exclusive of tax.



SIMPLIFIED TAX INVOICE

Supplier's name, address and GST identification number

COMFORT PARKING SDN. BHD.
GF1-03, Kompleks Beli-Belah, Jalan Kenangan, 41100 Klang, Selangor.
(GST ID No : 003456/2015)
Tel : 03-33498765

Tax invoice serial number

Inv No: A00295
Date : 17.12.2015

Date of Tax Invoice

Description of goods or services supplied

Description	Total (RM)
Parking fee – 3 hours	3.12
Rounding Adj.	0.02
TOTAL	*3.10

Total amount payable including GST

* Price payable includes GST RM0.18 @ 6%

Rate of GST

Total amount of GST charged

ROYAL MALAYSIAN CUSTOMS DEPARTMENT



Tax shall not be charged:

- Tax shall not be charged (i.e. showing tax amount) in the invoice which is issued on:
 - ✓ Non-taxable supply
 - ✓ Zero rated supply
 - ✓ Supply by non registered person

Non Issuance of Tax Invoice

- Tax Invoice is not required to be issued by a registered person on:
 - ✓ Zero rated supply
 - ✓ Supply without consideration on which tax is charged

Example:

A supply of gift worth more than RM500.00 to a client in the course of business or business assets put to private use by the supplier.

Self-Billed Invoice

- Self-billed invoice allows the recipient to issue a tax invoice to himself in respect of a supply of goods or services to him by the supplier.
- Application for self-billing to be made by recipient to the Director General for such invoice to be treated as a tax invoice if:
 - ✓ the value at the time of supply is not known by the supplier;
 - ✓ the recipient and the supplier are both registered persons;
 - ✓ the recipient and supplier agree in writing to a self-billed invoice; and
 - ✓ the supplier and the recipient agree that the supplier shall not issue a tax invoice.

GST DIVISION
ROYAL MALAYSIAN CUSTOMS DEPARTMENT

SELF-BILLED INVOICE

KILANG TEMBAKAU SELANGOR SDN BHD

SELF-BILLED INVOICE

Approval No.:

RMCD approval number

The words "Self-Billed Invoice" clearly indicated

Supplier's name, address and GST identification number

Supplier
SYARIKAT DAUN TEMBAKAU SDN BHD
No. 27 Jalan Persiaran,
51100 Kota Baru, Kelantan.
(GST ID No: 100900/2015)

Invoice No: 0001113

Invoice serial number

Recipient's/Customer's name, address and GST identification number

Recipient
KILANG TEMBAKAU SELANGOR SDN BHD
Lot 123, Jalan Meru, 43210 Klang, Selangor.
Tel:03-33498765
(GST ID No: 100003/2015)

Date : 25 Jun 2015
D/O No: S000345

Date of Tax Invoice

Rate of GST

Serial No.	Description	Tax Rate (%)	Quantity	Unit Price (RM)	Total (RM)
1.	Daun Tembakau Gred C	6.00	200	8.00	1,600.00
2.	Daun Tembakau Gred B	6.00	200	10.00	2,000.00
3.	Daun Tembakau Gred A	6.00	50	25.00	1,250.00

Description of goods or services supplied

Quantity of goods or extent of the services supplied

Total amount payable excluding GST

Total amount of GST charged

Total amount payable inclusive of GST

Amount Excluding Tax	4,850.00
Add Total GST Amount 6%	291.00
Total Sales	5,141.00

* The GST shown is your output tax due to the Government.

KILANG TEMBAKAU SELANGOR SDN.BHD.
GST DIVISION



Credit and Debit Notes

- credit note is issued when the amount previously invoiced is reduced or a transaction is cancelled.
- debit note is issued when the amount previously invoiced is increased for the same supply.
- to allow trader to make necessary GST adjustments in the account to show the actual GST liability in his return.



- A credit note or debit note shall contain the following prescribed particulars:
 - (a) the words “credit note” or “debit note” in a prominent place;
 - (b) the serial number and date of issue;
 - (c) the name, address and GST identification number of the supplier;
 - (d) the name and address of the person to whom the goods or services are supplied;
 - (e) the reason for its issue;
 - (f) a description which identifies the supply of goods or services;
 - (g) the quantity and amount for each supply;
 - (h) the total amount excluding tax;
 - (i) the rate and amount of tax; and
 - (j) the number and date of the original tax invoice.



CREDIT NOTE AND DEBIT NOTE

GST

KENSTONE (M) SDN BHD
 (COMPANY NO: 222111 U)
 15 JALAN CEPAT, KAWASAN PERINDUSTRIAN TAMPOL,
 80350 JOHOR BAHRU, JOHOR, MALAYSIA.
 TEL: 07-2323444 FAX: 07-2322442

CREDIT NOTE

To
 Ah Maju contractor Sdn Bhd
 20 Jalan Maju, Taman Maju Jaya,
 Kulai Jaya,
 Johor.

CR NO: 12542
DATE: 21.1.2010
GST NO: 12128888

Your return ref. no.	Account no.	Tax Invoice no.	Date of invoice:
DO No. 5455	1010117879454	65473	12.1.2010

ITEM	DESCRIPTION	QUANTITY	UNIT PRICE (RM)	VALUE
No.1	Tiles	120 pcs	5.00	500.00
Total				600.00
4% GST				24.00
Refunded Charge				624.00

Reason for return:
Damaged goods

KENSTONE (M) SDN BHD
 (COMPANY NO: 222111 U)
 15 JALAN CEPAT, KAWASAN PERINDUSTRIAN TAMPOL,
 80350 JOHOR BAHRU, JOHOR, MALAYSIA.
 TEL: 07-2323444 FAX: 07-2322442

DEBIT NOTE

To
 Ah Maju contractor Sdn Bhd
 20 Jalan Maju, Taman Maju Jaya,
 Kulai Jaya,
 Johor.

CR NO: 1540
DATE: 20.1.2010
GST NO: 12128888

Your ref. no.	Account no.	Tax Invoice No.	Date of invoice:
DO No. 5455	1010117879454	124345	13.1.2010

ITEM	DESCRIPTION	QUANTITY	UNIT PRICE (RM)	VALUE (RM)
No.2	Sale Value for Tiles code no. A5 as per invoice no: 124345 dated 15.1.2010	1000 pcs	5.00	500.00
	Revised sale value			5000.00
	Difference			4500.00
Total				4500.00
4% GST				180.00
Charge to be paid				4680.00

Reason:
The sale price for item no.2 worth RM 5,000 for RM500 by mistake.

Approved By:
Fauziah Hashim

ROYAL MALAYSIAN CUSTOMS DEPARTMENT



CREDIT NOTE AND DEBIT NOTE

GST

ADJUSTMENT IN THE RETURN

Example: Change in rate

- 12/1/2016 Invoice issued by *Batasa Sdn Bhd* to *Indo Sdn Bhd* for supply of goods. Value RM30,000 GST @6%, total RM1,800
- 15/1/2016 GST rate reduced to 5% effective from Jan 2016
- 5/2/2016 *Batasa* issued credit note to *Indo* of RM300 (of GST)

Batasa's GST Return

Jan 2016

Output tax on:

Supply: $RM30,000 \times 6\% = RM1,800$

Feb 2016

Batasa to recall Jan 2016 return and make adjustment of Output tax:

(-) Adjustment: RM300

Indo's GST Return

Jan 2016

Input tax:

= RM1,800

Feb 2016

Indo to recall Jan 2016 return and make adjustment of input tax:

(-) Adjustment: RM300

ROYAL MALAYSIAN CUSTOMS DEPARTMENT

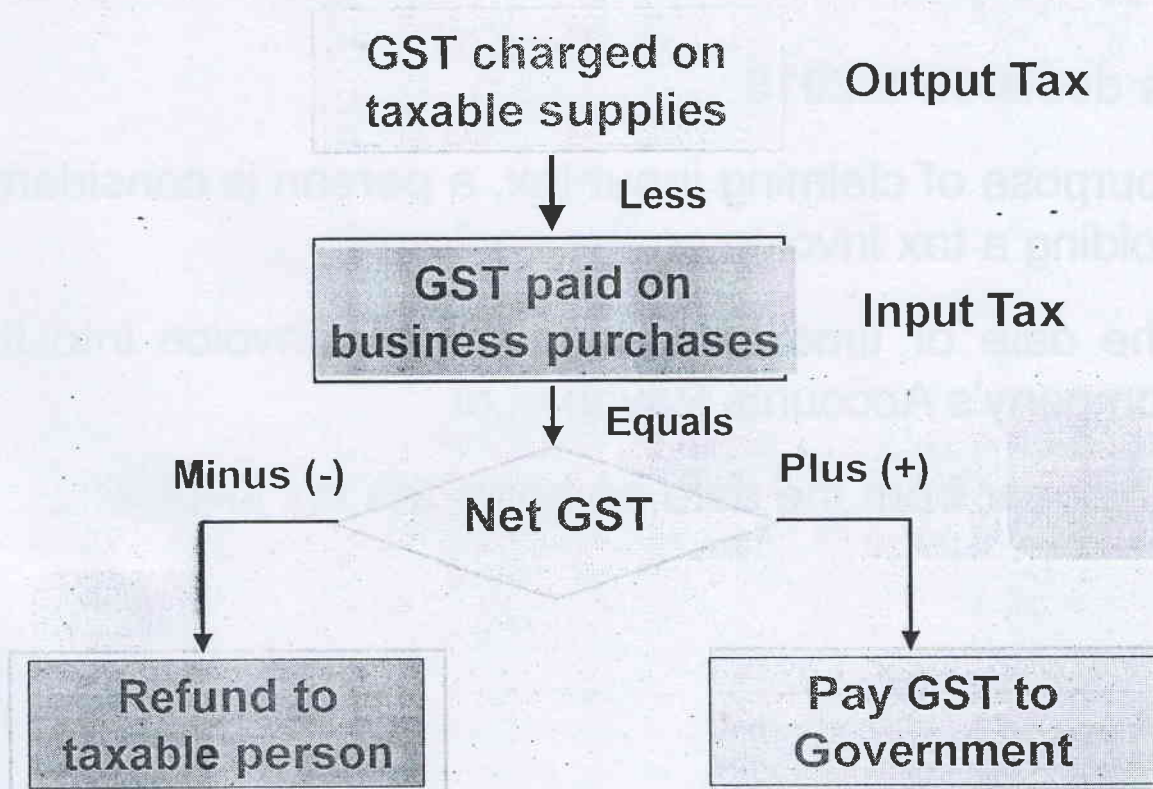


Adjustment	Supplier		Recipient	
	<i>Adjustment method</i>	<i>When: In GST Return for</i>	<i>Adjustment method</i>	<i>When: In GST Return for</i>
Credit note	Reduce output tax	The taxable period where CN is issued	Reduce input tax	Taxable period where CN is issued
Debit note	Increase output tax	The taxable period where DN is issued	Increase input tax	Taxable period where DN is issued



A person is entitled to claim input tax if he is making a taxable supply and satisfies the following criteria:

- input tax has been incurred;
- input tax is allowable;
- he is a taxable person, i.e. a person who is or is liable to be registered;
- goods or services acquired in the course or furtherance of his business;
- goods or services made in Malaysia or any supply made outside Malaysia which would be a taxable supply if made in Malaysia.



Must hold a valid document:

- tax invoice
 - if total tax amount exceeds RM30 - request the supplier to insert the buyer's name and address
 - simplified tax invoice - if total tax amount is RM30 or less
- Customs No. 1 and COR for imported goods
- Customs No.1 or 9 and COR for goods removed from bonded warehouse
- document to show claimant has received an invoice or made payment for imported services

DG's decision 8/2015

For purpose of claiming input tax, a person is considered as holding a tax invoice on the earlier of:

- The date or time of posting the tax invoice into the company's Accounts Payable; or
- One year from the date he holds the tax invoice

- **tax invoice in the name of taxable person**
 - not in the name of third party such as employees or directors
- **tax invoice is allowed under the employee's name**
 - Mobile phone billed based on item 2 of the DG's Decision 2/2014
- **no matching of inputs to output**
 - can claim input tax if holds valid document