



GST Treatment on non-monetary voucher:

- sells a non-monetary voucher

GST has to be accounted according to the specified supply:

- | | |
|------------------------|--------------------------|
| • Standard rate supply | - account for output tax |
| • Zero rate supply | - no GST |
| • Exempt supply | - no GST |

- distribute free a non-monetary voucher

No GST has to be accounted for free:

- services supplied;
- goods which the cost to the supplier is RM500 or less; or
- voucher tied with other supply which is treated as tie-in supply. (GST already accounted with the principal supply)



GST Treatment on non-monetary voucher:

- redeems a non-monetary voucher – no GST

Payment made by issuer to redeemer due to non-monetary voucher:

- payment made by issuer to redeemer is a payment for the supply of goods or services made by redeemer to issuer.
- GST has to be accounted by redeemer according to the supply stated on the voucher:

- | | |
|------------------------|--------------------------|
| • Standard rate supply | - account for output tax |
| • Zero rate supply | - no GST |
| • Exempt supply | - no GST |

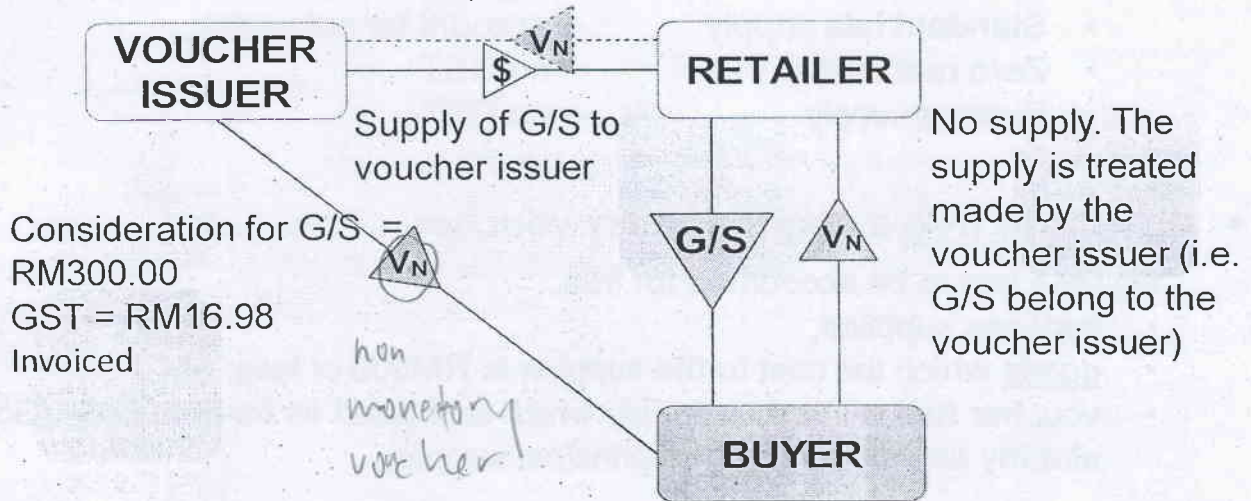
- Issuer is entitled to claim input tax incurred.



Supply of non monetary voucher for standard rated G/S.

Example:

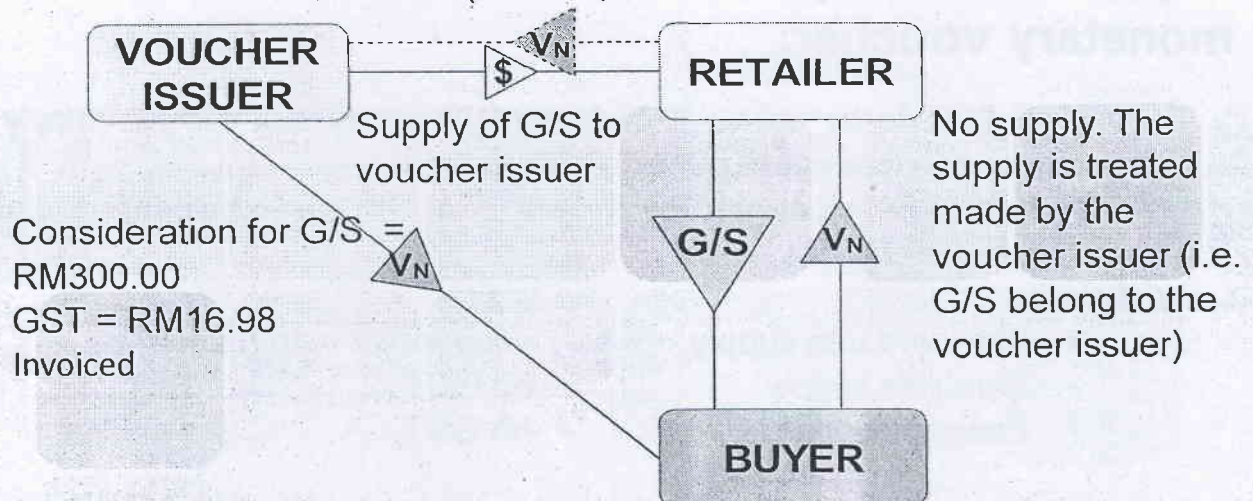
Consideration for the supply of G/S = RM280.00
GST = RM15.85 (Invoiced)



Supply of non monetary voucher for standard rated G/S.

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Non-monetary vouchers

Examples:

- i. get free admission to the cinema
- ii. birthday hamper of electrical goods
- iii. holiday package for 2 day vacation to Langkawi



Example:

If a customer purchases a bottle of 5L motor oil worth of RM130.90, he is entitled to buy a bottle of 320ml coolant at the price of RM26.90 (inclusive of 6% GST) instead of normal price RM30.00

Price of coolant:

Offer price: RM26.90 (Inclusive of 6% GST)

6% GST accounted : RM1.52

($RM26.90 \times 6\% / 106\%$)





Gift

- not subject to GST on conditions:
 - Gift of goods or services is given in the course or furtherance of business and
 - In the case of goods, the cost of goods on acquisition given to the same person in the same year is up to RM500
 - 5(2) FIRST SCHEDULE - not a supply
- GST treatment on the goods/services Acquired

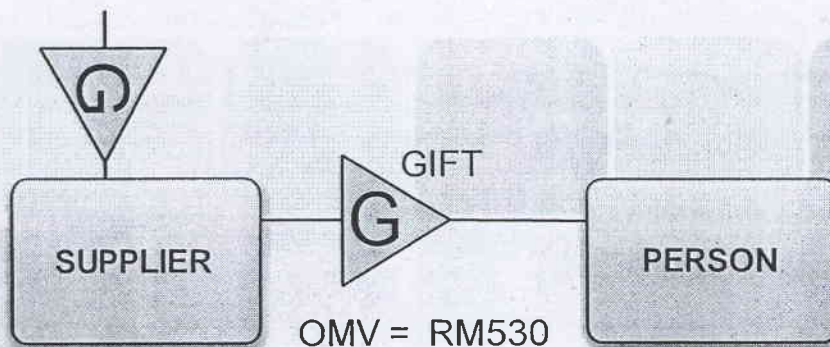
The retailer is entitled to claim input tax incurred on the purchase of the gifts on condition that the gifts are given free **for business purposes**.



Gift

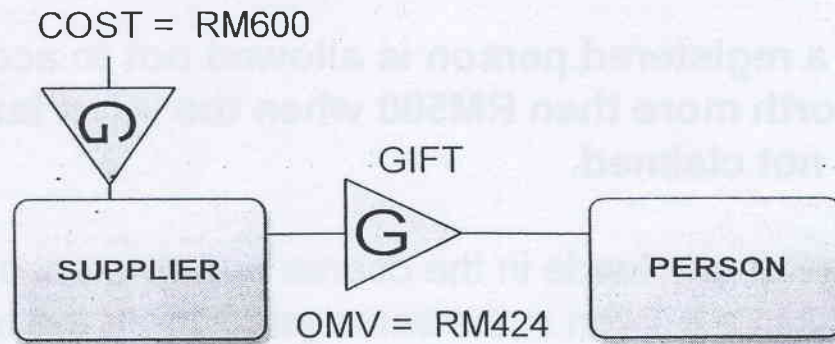
- Gift of goods not more than RM500 made in the course or furtherance of business to the same person in the same year :
 - ✓ not subject to GST

COST = RM400



Supplier no need to account for output tax because the cost to the supplier is less than RM500.

Gift



omv of supply : RM 424.00

6% GST inclusive : RM 24.00

$RM424.00 \times 6\%/106\%$

Supplier has to account for output tax amounting to RM24.00

Lucky Draw

Free supply (lucky draw prize)

- you have to account for GST in accordance to the supply (lucky draw prize) given to winner as follows:
 - Standard rate supply:
 - goods (cost below RM500) - no GST (gift rule)
 - goods (cost more than RM500) - account GST
 - Services - no GST
 - Zero rate supply - no GST
 - Exempt supply - no GST
- GST treatment on the goods/services Acquired
The retailer is entitled to claim input tax incurred on the purchase of the lucky draw prize.



Whether a registered person is allowed not to account for tax on gift worth more than RM500 when the input tax on such goods is not claimed.

- (1) A gift of goods made in the course or furtherance of business to the same person in the same year where the total cost to the donor is more than five hundred ringgit, is a supply (refer subparagraph 5(2) First Schedule of GSTA).
- (2) Whether or not a registered person claims the input tax on the goods, the registered person still has to account for GST if the gift of goods is worth more than RM500.



Scenario 1: Tie in goods is free item

Both tie-in and the principal goods are standard-rated

Example:

Principal goods - Chain (standard rated)

Tie in goods (free item) - Sprocket kit (standard rated)

**GST will be treated according to the principal goods (considered as one supply - supply of principal goods).*

If the price of the both principal goods and tie-in goods are RM129.00 (inclusive of GST), GST is accounted on the supply as follow.

Price of goods (Inclusive of 6% GST) :	RM 129.00
6% GST accounted :	RM 7.30
<i>(RM129.00 X 6%/106%)</i>	



Scenario 2: Tie in goods is free item If the principal goods is zero-rated

Example:

Principal goods	-	Rice (zero-rated)
Tie in goods (free item)	-	Fork&Spoon(standard rated)

**GST will be treated according to the principal goods (considered as one supply – supply of principal goods).*

If the price of the both principal goods and tie-in goods are RM20.00, No GST is charged on the supply.



Samples

- not subject to GST on conditions:
 - Imported trade sample given relief under GST Relief Order
 - Trade samples given for promotion
 - packed differently and labeled 'sample only' or 'not for sale'; or
 - samples not packed differently is subject to business gift rules.



WARRANTY

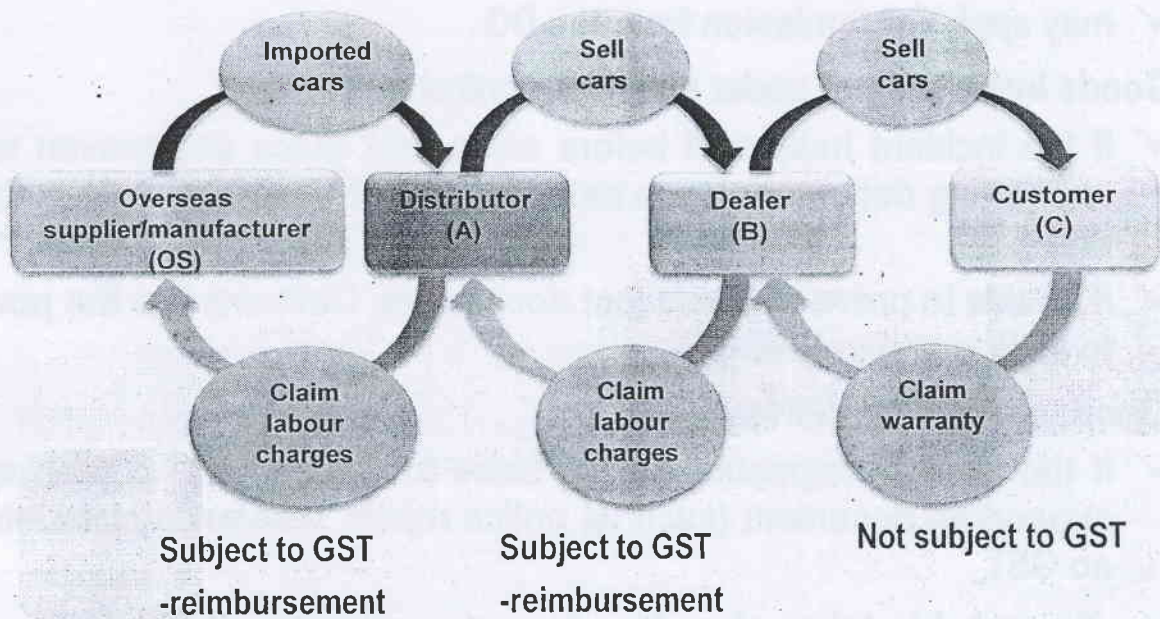
- **Manufacturer's warranty normally includes:**
 - ✓ after-sale services and repairs -not subject to GST
 - ✓ any replacement of spare-parts free of charge during the warranty period -not subject to GST
 - ✓ **Extended warranty – Extra payment charge?**
GST on payment made for extended warranty.



- **Manufacturer's warranty normally includes:**
 - ✓ after-sale services and repairs -not subject to GST
 - ✓ any replacement of spare-parts free of charge during the warranty period -not subject to GST
- **Cost of warranty (spare parts and labour charges) is borne by manufacturer to the repairer**
 - ✓ **is the costs recovery subject to GST?**



Cost recovery under warranty



- Sale of capital assets, other than TOGC
 - ✓ subject to GST *Transfer of going concern*
- Sale of assets as TOGC
 - ✓ not subject to GST (not a supply)
- Sell as scrap
 - ✓ the value will be the sale value of scrap
 - ✓ subject to GST



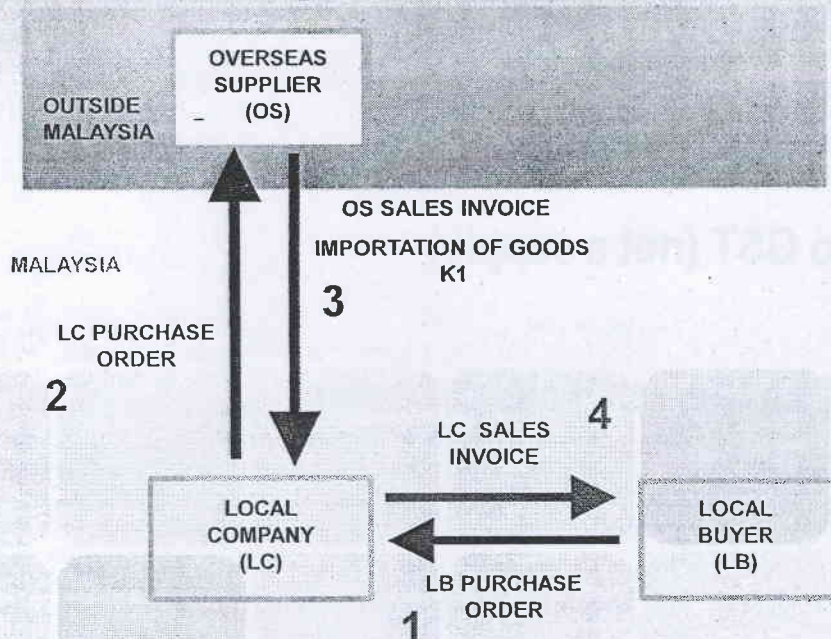
GOODS LOST / DESTROYED



- Imported goods lost while under customs control
 - ✓ subject to GST
 - ✓ may apply for remission from the DG
- Goods lost while not under customs control
 - ✓ if the incident happened before sales took place and proven with supporting document (such as police report, insurance claim etc) - no GST
 - ✓ if unable to prove with relevant documents, Customs has the power to assess and collect GST
- Goods lost during delivery
 - ✓ if the incident happened before sales took place and proven with supporting document (such as police report, insurance claim etc) - no GST
 - ✓ if supply has taken place (goods made available) - GST



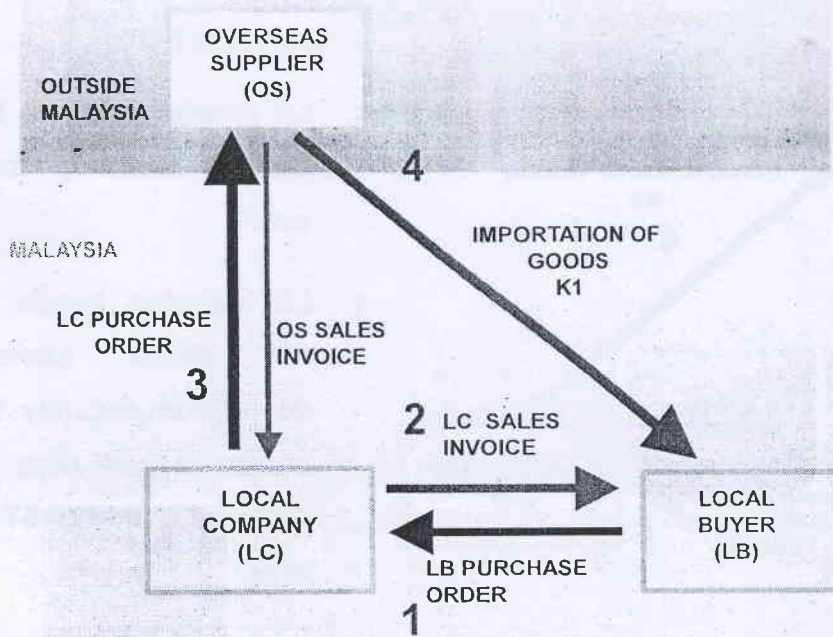
IMPORTATION AND SUPPLY OF GOODS



1. LB issue PO to LC.
2. LC issue PO to OS.
3. LC imported goods from OS (Made custom declaration and pay for custom duty and GST import in K1 form).
4. LC supply goods to LB (Charge GST in tax invoice and accounted GST in respective taxable period in GST 03 form).



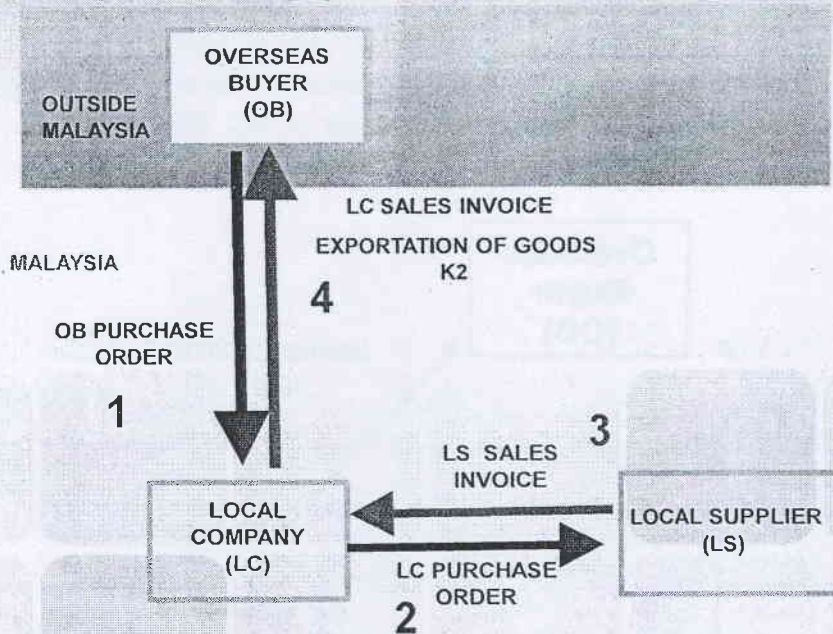
IMPORTATION AND SUPPLY OF GOODS



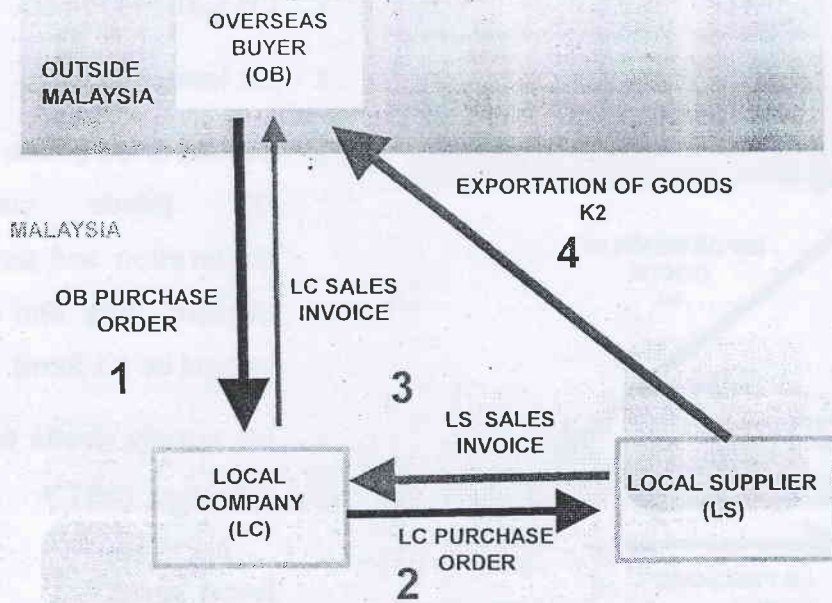
1. LB issue PO to LC.
 2. LC issue PO to OS.
 3. LB imported goods from OS (Made custom declaration and pay for custom duty and GST import in K1 form).
 4. LC supply goods to LB.
- Charge GST?**
- Inco term?**



EXPORTATION AND SUPPLY OF GOODS



1. OB issue PO to LC.
2. LC issue PO to LS.
3. LS supply goods to LC (Charge GST in tax invoice and accounted GST in respective taxable period in GST 03 form).
4. LC exported goods to OB (Made custom declaration and pay for custom export duty (if any) in K2 form. GST is zero



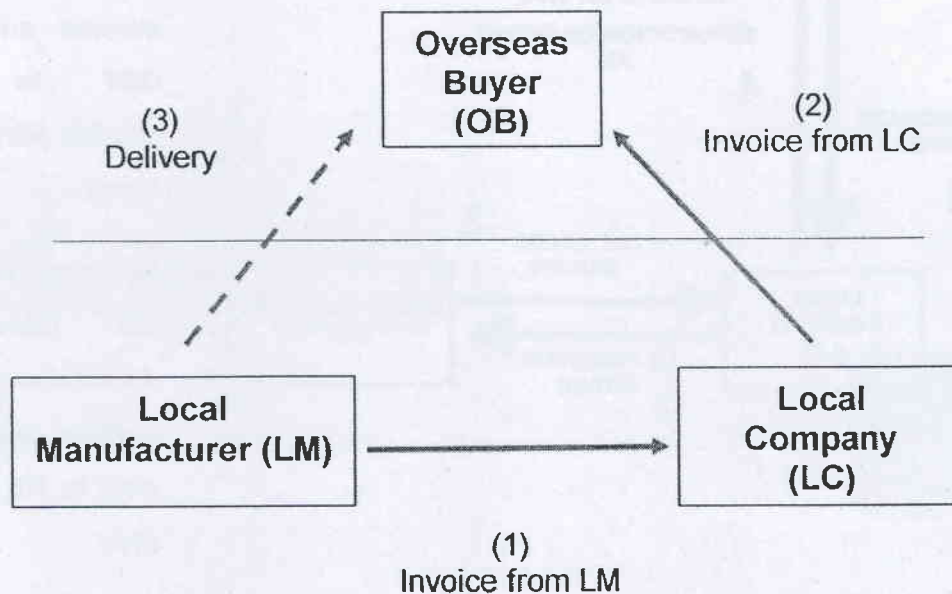
1. OB issue PO to LC.
2. LC issue PO to LS.
3. LS supply goods to LC
Charge GST? , Inco term?
4. LS exported goods to OB (Made custom declaration and pay for custom export duty (if any) in K2 form. GST is zero



Export of goods on behalf of local supplier

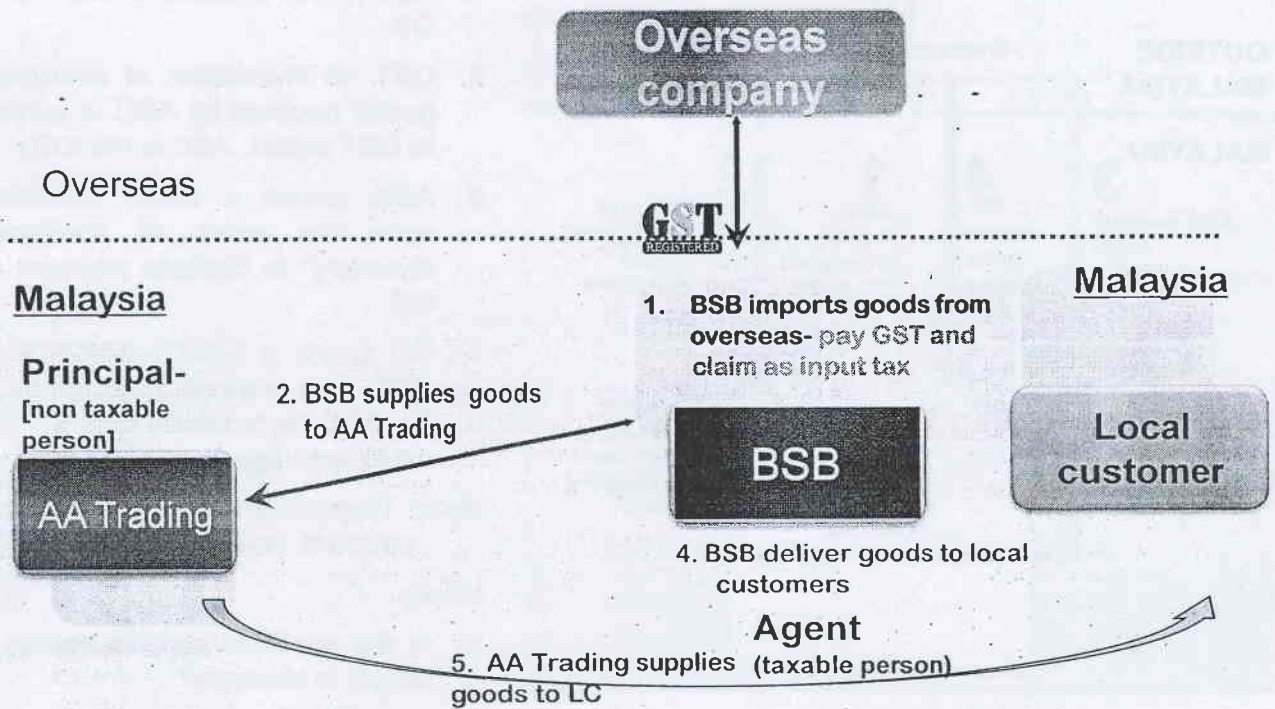
Item 2: DG's Decision 4/2015

Local company (LC) purchased goods from a local manufacturer (LM) and request LM to export the goods to his overseas buyer (OB). Whether the supply made by LM to LC qualify for a zero rate?





Agent acting on behalf of non-taxable person



Agent acting on behalf of non-taxable person

- Agent is deemed making a supply of goods to the principal

“Where goods are imported and supplied by an agent who is a taxable person acting on behalf of a principal who is a person other than a taxable person, the goods shall be deemed to be imported and supplied by the agent”[section 65(9)]

- Supplies by the agent is considered as part of his taxable supply for registration purposes.
- In the case of principal who is a overseas supplier, if his supplies of goods in Malaysia is exceeded the threshold, then he is liable to be registered.