

NEW ISSUE FOR MESYUARAT BIL. 5/2015

FMM conducted a survey in the months of July –August 2015 to assess the issues faced by members on the implementation of GST post April 1, 2015 i.e. delays in input credit refunds, difficulties in obtaining special sales tax refunds and difficulties in making online payment of GST returns. A total of 162 companies responded to the survey. The main issues highlighted by members include:

NO.	Issue	Recommendation	Feed Back From Customs
1.	<p>Late Refunds of Input Tax Credit (ITC)</p> <p>The GST refund mechanism is considered the Achilles Heel and delays have impacted the cash flow of businesses especially of SMEs. Based on the survey, the following is the time taken for companies to receive their refund:</p> <p><u>April returns</u></p> <ul style="list-style-type: none"> • 11.1% received within 14 working days. • 14.3% received within 1 month • 41.3 % received refunds within 2 months • 20.6% received after 2 months 	<p>(a)FMM would like to urge Customs Department <u>to refund the input tax credit (ITC) within 14 days from date of filing their returns</u> online as stipulated in the GST Regulations and to conduct a post audit thereafter if required.</p> <p>(b)FMM proposes for the GST legislation to include the <u>provision for interest on late payments and refunds</u> to ensure strict compliance and to uphold the integrity of the GST system.</p> <p>(c)Important for Customs to continue to <u>update companies on the status of their refunds</u> in the TAP system and also by email. Customs to also indicate when the refunds are banked into their accounts.</p>	<p>Puan Sakenah Begum binti Md Nazir PKPK I Unit Kawalan Kemudahan</p> <p>(a)Pembayaran balik GST mengikut peraturan 67 Peraturan GST 2014 hendaklah dibuat dalam tempoh empat belas (14) hari bekerja (penyerahan elektronik) dan dua puluh lapan (28) hari bekerja (penyerahan manual) atau dalam tempoh yang praktik.</p> <p>Orang berdaftar GST tidak layak mendapat pembayaran balik dalam tempoh 14/28 hari bekerja adalah disebabkan oleh beberapa faktor seperti berikut :</p> <ul style="list-style-type: none"> • pengisian penyata GST-03 yang tidak lengkap • maklumat bank yang tidak betul • tiada/lambat maklumbalas yang diterima daripada pemohon ke atas kuir pegawai pulang balik • syarikat tidak dapat dihubungi melalui no telefon/alamat/email yang dikemukakan

NO.	Issue	Recommendation	Feed Back From Customs								
	<ul style="list-style-type: none">12.7% have not received refunds to date <p><u>May returns</u></p> <ul style="list-style-type: none">26.5% received within 14 working days26.5 % received within 1month22% received after 1 month25% not received refunds to date <p><u>Issues raised:</u></p> <p>(i) No updates from Customs on the status of the refunds.</p> <p>(ii) Unable to contact Customs to check on the status of the refunds despite providing the documents requested by Customs for the desk review.</p> <p>(iii) No indication if the refund is approved and timeline to bank in the refund. Companies are forced to check their accounts on a daily basis to determine if</p>		<p>semasa pendaftaran</p> <ul style="list-style-type: none">tuntutan palsu dan meragukan yang dikemukakan oleh syarikat; danmaklumat pendaftaran yang tidak lengkap menjejaskan proses pulang balik. <p>Pihak syarikat adalah dinasihatkan supaya memberi maklumbalas dengan segera apabila dihubungi bagi mempercepatkan proses pulang balik.</p> <p>(b)Buat masa kini tiada cadangan daripada kerajaan untuk membayar faedah bagi pembayaran balik yang lewat.</p> <p>(c) Orang berdaftar akan dimaklumkan melalui emel mengenai :</p> <ul style="list-style-type: none">Jika tidak layak menerima bayaran balik dalam tempoh 14/28 hari bekerja.Arahan kepada bank pembayar untuk pembayaran balik kepada orang yang berdaftar <p>Status Proses Pembayaran Balik</p> <table><tr><th>Tempoh bercukai</th><th>Peratusan telah selesai</th></tr><tr><td>April 2015</td><td>97.24</td></tr><tr><td>Mei 2015</td><td>92.37</td></tr><tr><td>Jun 2015</td><td>77.71</td></tr></table>	Tempoh bercukai	Peratusan telah selesai	April 2015	97.24	Mei 2015	92.37	Jun 2015	77.71
Tempoh bercukai	Peratusan telah selesai										
April 2015	97.24										
Mei 2015	92.37										
Jun 2015	77.71										

NO.	Issue	Recommendation	Feed Back From Customs							
	the money has been banked in.		<table><tr><td>Tempoh bercukai</td><td>Peratusan telah selesai</td></tr><tr><td>Julai</td><td>33.32</td></tr><tr><td>Ogos</td><td>28.61</td></tr></table>		Tempoh bercukai	Peratusan telah selesai	Julai	33.32	Ogos	28.61
Tempoh bercukai	Peratusan telah selesai									
Julai	33.32									
Ogos	28.61									
2.	<p>Online Payment of GST through TAP system, Local and Foreign Banks</p> <p>There are various methods of making GST payments – online (TAP portal, bank portals, direct debit etc) and manually (over the bank Counter/ Customs Kelana Jaya – GPC). From feedback received from members 92% of the survey respondents indicated that they utilise the manual payment method over the bank counter as they face the following challenges in utilising the online payment systems:</p> <p>(i) TAP portal – Members have highlighted that the system keeps hanging and not able to cope with the online payments. Companies have resorted to printing</p>	<p>Important for Customs <u>to address issues on online payment of GST</u> as too much manpower and time is now being spent by Customs to reconcile cheques instead of concentrating on facilitating the input tax refunds.</p> <p>Customs to remove the online payment threshold limit of RM1 million.</p>	<p>Puan Wahizam binti Abd Wahid PKPK II Unit Penguatkuasaan Pendaftaran</p> <p>(i)After March 2015, MyGST always up and running and RMCD have increased GST resources. Connection to MyGST depended on companies internet connections. Payment to MyGST only start in May 2015. Companies are encourage to pay via online banking but accessing is depended on companies internet connections. If taxpayers do not have sufficient internet connection, they can use MyGST kiost</p>							

NO.	Issue	Recommendation	Feed Back From Customs
	<p>the payment voucher and submitting cheques over the bank counter;</p> <p>(ii) Online banking via local banks – In order to utilise the online banking system, companies are required to install the FPX gateway payment module. Some MNCs have taken 6 months to try to connect with the Customs TAP portal / banking systems but failed and therefore have also resorted making payment over the counter.</p> <p>(iii) Direct debit via RHB Bank for companies banking with foreign banks – RHB is the sole anchor bank appointed by Jabatan Akauntan Negara for the registration of registrants wanting to</p>		<p>at RMCD GST state.</p> <p>(ii) There is no integration between MyGST and companies SAP systems for security purpose. Any MyGST integrations with other systems must get approval from Ministry of Finance (MOF) .Integration is with 7 local banks as approved by MOF (RHB, Maybank, CIMB, BIMB, Hong Leong Bank, Alliance Bank and Public Bank).</p> <p>(iii) RHB is RMCD's anchor bank appointed by Jabatan Akauntan Negara Malaysia. RMCD has appointed RHB to manage the registration of registrant who wish to use the Direct Debit Facility.</p> <p>Under FPX Direct Debit, the "Buyer" registration is a one-time process (standard</p>

NO.	Issue	Recommendation	Feed Back From Customs
	<p>use the Direct Debit Facility. Under the FPX Direct Debit, the 'Buyer' registration is a requirement before tax payer is allowed to submit payments online. First time transaction registrants have to fill up the Direct Debit Authorisation Form and submit to RHB. The application is then submitted by RHB to MyClear for approval. Approval is given after being verified by the buyer's bank. This process is tedious and discourages companies from making online GST payments.</p> <p>(iv) Non-panel Banks - Many companies have highlighted that the banks they are banking with are not part of the panel banks that allow direct payment to Customs i.e. there are</p>		<p>by MyClear) before tax payer is allow to submit their payment online.</p> <p>For the first transaction registrants have to fill up Direct Debit Authorisation Form and submit to RHB .</p> <p>(iv)Application to become bank agent must be made in writing to Director of Cawangan Perakaunan Hasil, Jabatan Kastam Diraja Malaysia.</p>

NO.	Issue	Recommendation	Feed Back From Customs
	<p>no international banks on this panel; and</p> <p>(v) Threshold- Respondents also highlighted that GST payments amounting over RM1 million cannot be made online.</p>		<p>(v) Transaction limit for B2B is RM10 million. For B2C is RM30K. There is no transaction limit for direct debit.</p>
3.	<p>Approve Traders Scheme</p> <p>The following issues / problems have been raised by members with regards to the issue of the ATS scheme:</p> <ul style="list-style-type: none"> To produce the hardcopy of the approved list of raw materials / components / accessories and machines imported at the ports for verification by Customs officers. There is currently no file export functions in the TAP system to enable Customs to view the list from their desk thus forcing businesses to print screen the list in order to be printed out and face 	<p>To ensure that the Customs <u>ATS system is in sync</u> with Customs importation system.</p> <p>Proposed for the <u>deadline</u> to submit Lampiran B is <u>extended to 30 days</u>.</p> <p>There is a need for Customs to reevaluate its ATS processes and <u>do away with all the redundant reports</u> and request for only one consolidated report from ATS operators.</p>	<p>Puan Pusphalatha a/p Subramaniam PKPK II Unit Kawalan Kemudahan</p> <ul style="list-style-type: none"> Hardcopy was requested during the time our system was down for 2-3 weeks. The approved person could not go into scheme change field to add in additional goods. That problem has been rectified about two weeks ago. The approved person can add in their goods through scheme change via TAP system now. Hardcopy endorsed by the controlling station was requested at that point of time by the assessment officer in order to assess and suspend GST. We apologized for the inconvenience caused during the period where the system was down.

NO.	Issue	Recommendation	Feed Back From Customs
	<p>problems if they have a long list to be printed.</p> <ul style="list-style-type: none"> • Customs at ports requesting for registration of station (port of entry) under the ATS scheme • Additional / New Items under the ATS scheme takes more than 1.5 months to be approved. • Many reports to be submitted to Customs (Lampiran B, Lampiran XI-1 and XI-2, Lampiran M1 and M2 and Lampiran M4). Lampiran B is required to be submitted by the 10th of every month and this provides too little time for companies to compile and verify for Lampiran B purposes 		<ul style="list-style-type: none"> • It is one of the requirement in the TAP system and the taxpayer is aware about this matter. So far no issue raised regarding this matter at our level. Kindly enlighten us the issue raised. • ATS standing order clearly stated as 7 working days and we tried to fulfill the 7 working days unless the approved person failed to submit additional required documents. • All the reports stated are meant for LMW import duty exemption except for Lampiran B which is for GST suspended amount which the approved person has to report to Customs by 15th of the following month. If the taxpayer fails to fulfill this condition, DG can revoke the special scheme.
4.	<p>Foreign Exchange Rate Issues</p> <p>Issues related to exchange rate include:</p> <ul style="list-style-type: none"> • Customs requires the use of foreign rate of exchange as determined by DG for importation of goods. However financial reporting 	<p>All <u>import and export rate of exchange should be standardised</u> by utilising Bank Negara daily rate of exchange.</p> <p>Allow rounding adjustment tolerance of $\pm 0.1\%$ of the tax invoice to be acceptable for local supply in foreign currency.</p>	<p>Sektor VII</p> <p>After conversion from foreign currency to local currency , the rounding adjustment on the total amount payable(including tax) should be to the nearest 5 cents.</p> <p>For example :</p> <ul style="list-style-type: none"> ○ RM10.21 will be adjusted to RM10.20, ○ RM10.27 will be adjusted to RM10.25

NO.	Issue	Recommendation	Feed Back From Customs
	<p>becomes inaccurate when using Customs exchange rate on imports.</p> <ul style="list-style-type: none"> Local supply of tax in invoices in foreign currency must be indicated in RM for summaries. This has caused the rounding errors especially in JPY due to rounding calculation of suppliers and customers are different. 		<ul style="list-style-type: none"> RM10.28 will be adjusted to RM10.30 RM10.23 will be adjusted to RM10.25 <p>There is no rounding adjustment for the tax element(GST)</p> <p><u>Catatan</u></p> <p>Bagi pertukaran asing (foreign exchange), JKDM akan mengguna pakai kadar pertukaran yang ditentukan oleh KPK seperti mana yang ditetapkan oleh Akta GST 2014. (Sila rujuk Butiran 5, Jadual Ketiga Akta GST 2014)</p>
5.	<p>Too Many Tax Codes</p> <p>As there are too many tax codes and too complex for users to apply and therefore there is a tendency to use the wrong code and submit wrong returns to Customs</p>	<p>To <u>minimise and simplify the tax codes</u> to be used in bookkeeping for input and output.</p> <p>Propose for Customs to be <u>lenient with the penalties</u> for tax coding errors.</p>	<ul style="list-style-type: none"> i. Puan Siti Zaleha binti Mohd Said ii. Tuan Baharudin bin Abd Rahman <p>No requirement to minimize. The tax codes were given as a guide to accounting software vendors. However, those registered persons who are not using e-voucher facilities, may have their own tax codes. A registered person who wrongly declares tax code through the GST return commits an offence.</p>

NO.	Issue	Recommendation	Feed Back From Customs
6.	<p>Waiver of the penalties during teething period of GST</p> <p>Due to the transition to the GST, we note that the flip-flop in the GST legislation, unable to understand highly technical GST guides, too many complicated tax codes, problems with the TAP system causing hanging GST submissions are the many issues faced by members when making their GST returns.</p> <p>Customs has penalised companies for late filing of returns / payment after deadline.</p>	<p>As GST is a new tax system, it would be common in the first few months of its implementation for companies to be ignorant of the law and make filing errors.</p> <p>FMM would like to urge the Customs Department <u>to waive the penalties</u> on businesses that have made errors on filing of returns or delayed in submission by 1-2 days. Customs should instead provide advisory services and in letters to highlight the error and recommendation to address the error.</p>	<p>Puan Wahizam binti Abd Wahid PKPK II Unit Penguatkuasaan Pendaftaran</p> <p>The department takes an advisory approach on such matters at the present moment. No compound will be imposed on the registered person that furnishes late returns until specific instructions issued by the department.</p>
7.	<p>Delays in Customs Approvals</p> <p>There are many applications that call for approval from the Customs Department including the utilisation of the GST Relief Order, application for ATS and ATMS, Group Registration, Branch Registration and etc.</p>	<p>FMM would like to request for the Customs Department to <u>issue a client charter</u> on all GST related approvals and applications</p>	<p>Puan Pusphalatha a/p Subramaniam PKPK II Unit Kawalan Kemudahan</p> <p>For ATS AND ATMS application, approval is given within 14 working days unless required documents are not given for verification. If the required document is not submitted within 14 working days the case will be pending. And for</p>

NO.	Issue	Recommendation	Feed Back From Customs
	<p>It has been brought to FMM's attention that letters and applications seeking the approval from Customs have not received timely replies. In some cases there have not been any correspondence from Customs i.e. an FMM member who has submitted an online cancellation for branches in the beginning of July has not received any response from Customs and this has caused uncertainty in the submission of their GST returns.</p>		<p>most of such cases we have denied the approval. As far as for HQ level action has been taken either approval/denied has been given.</p> <p>GST Division is in the process of preparing the client's charter for group and branch registration. Please provide the name of FMM members who have not received any reply to their letters from the department.</p>