

ISSUES AND RMCD FEEDBACK

NO	ISSUE	ORGANIZATION/ QUESTION NUMBER	QUESTION	FEEDBACK FROM RMCD
1.	Disallowance of input tax claim on imported goods	CTIM (1)	<p>An importer who makes a voluntary disclosure to the RMCD to pay additional GST on imported goods will be penalised with a compound fine. This may be due to discovery of a genuine mistake or different interpretation of GST reliefs etc. When bill of demand is issued to the importer and the GST and compound fine is subsequently paid, we understand that it is RMCD's standard practice to also disallow the input tax claim on the imported goods.</p> <p>CTIM is of the view that the compound fine is an appropriate penalty on the importer. However, the disallowance of the input tax claim is not provided in the GST legislation. The denial of the input tax claim would appear to be excessive for genuine taxpayers and contrary to the principals of GST. There are already other existing provisions in the GST legislation to address wilful default and fraud.</p> <p>CTIM proposes that the input tax claim on the imported goods be allowed in normal cases if the additional GST and compound fine are duly paid by the importer. This would encourage voluntary disclosure for genuine mistakes and improve the level of GST compliance.</p>	Noted on the request. RMCD will review the matter.

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2.	Claiming input tax for business with long gestation period and no taxable supply	CTIM (2)	<p>Businesses with long gestation projects are denied from claiming relevant input tax, thereby increasing their cash flow burden and financing cost. It is unrealistic for certain projects/industries (eg. Usually projects which require major investment in construction before operations can begin.) to expect taxable supplies to be made within a period of 12 months.</p> <p>We note that there is no requirement in the GST legislation for taxpayers for a taxable supply to take place before the taxpayer can make an input tax claim. Denying the input tax credit claim will burden the taxpayer because of:-</p> <ul style="list-style-type: none"> • The need to obtain additional financing to fund the GST payments periodically; and • The additional interest cost borne to finance the GST paid and held by the RMCD. <p>Based on our enquiries with Singapore, Australia and the United Kingdom, we have been informed that the refund of input tax of long gestation projects are generally processed and refunded during project implementation and not held until the taxable person makes</p>	The current policy remains whereby if there is no output tax, no input tax is claimable. No review of the current policy at the moment.

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			<p>taxable supplies.</p> <p>S.38(8) of the GSTA 2014 states: <i>“subject to subsections (5) and (7), any refund to be made by the Director General under subsection (3) shall be made within the prescribed time.”</i></p> <p>Based on feedback from the business community, the additional cash flow burden resulting from delay of GST refunds would make Malaysia less competitive and less attractive and deter potential foreign investments. As such, CTIM would like to request if RMCD could re-consider reviewing its current practice of holding back GST refunds prior to the taxable person making its first taxable supply.</p>	
3.	Input tax claiming for Travel Insurance	STA (1)	<p>Businesses purchase travel insurance for the staff who are required to travel domestically for official duties. In this regards, travel insurance is treated as general insurance and subject to GST. The insurance provider will issue tax invoice and charge GST.</p> <p>With this respect, we would like to seek the RMCD’s clarification on whether the GST incurred on travel insurance is claimable as input tax credit. A travel insurance is typically a comprehensive policy that covers flight delay, loss of property, theft, and some with personal</p>	Travel insurance is a general insurance and subject to GST at a standard rate on the premium paid for the policy. The business can claim ITC on the premium if it is allowable under section 39.

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			<p>accident or medical claims. The premium for each of these categories are not segregated as the insurance provider will charge a lump sum fee. It is also not possible to apportion the value of premium for each category of coverage.</p> <p>Our question is, can the businesses claim the input tax credit in full?</p>	
4.	Input tax claiming for off road passenger cars	STA (2)	<p>The current Guide on Input Tax Credit dated 4 January 2017 has defined that “passenger motor car” means a vehicle which is legally licensed and constructed, modified or adapted for the purpose to carry or capable to transport and commonly available or used on public roads in Malaysia. The specification and features of a passenger motor car is to have seats of not more than nine passenger including the driver and the unladen weight does not exceed three thousand kilograms.</p> <p>In this respect, we wish to bring to your attention to the two categories of four-wheel drive motor vehicles that the companies deploy in the timber industry: on-the-road vehicles and off-the-road vehicles.</p> <p>On-the-road vehicles are the common vehicles that we find on the road, that are permitted to travel on any public roads. Off-the-road vehicles are vehicles where no road tax is paid to the Road Transport Department (“JPJ”), and</p>	<p>Input input tax is not claimable due to non compliance with:</p> <p>(a) Reg 34- definition of passenger motorcar</p> <p>(b) Reg 36 - Blocked input tax</p>

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			<p>are thus not allowed to be used on public roads. This is a legal arrangement by the JPJ. The usage of these off-the-road vehicles are strictly confined to the logging camps and forest plantation estates that are located in the remote areas of Sarawak's interior. As such, the off-the-road vehicles would never leave the logging sites or commute on public roads.</p> <p>The common types and brand of off-the-road four-wheel drive passenger motor vehicles deployed are as follows:</p> <ol style="list-style-type: none"> 1. Toyota Hilux Single Cab 2. Toyota Hilux Double Cab 3. Toyota Landcruiser 4. Toyota Station Wagon 5. Mitsubishi Triton 6. Isuzu D-Max 7. Any other vehicle brand with similar attributes <p>In this respect, we would like the RMCD to clarify that such category of four-wheel drive passenger motor vehicles, which are being used exclusively for the purpose of business and does not travel on public roads, are not blocked from claiming any input tax on the acquisition of such vehicles and the related repair and maintenance expenses.</p>	

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5.	Rejection of Input Tax Claims	FMM (2)	<p>There are many companies (with monthly or quarterly taxable period) that have experienced their ITC claims being rejected as they are not able to respond to the Customs officers within 7 days. The companies' ITC Claims are automatically rejected even though in the past they are able to submit the supporting documents in time.</p> <p>We would like to thank Customs Department for allowing companies to request for more time to submit supporting documents on their claims.</p> <p>In order to assist smaller companies that are not checking their TAP system on a regular basis, we would also like to request the Customs Department to:</p> <ul style="list-style-type: none"> i. Issue a warning letter before automatically rejecting the companies' ITC claims; and ii. Stipulating an avenue to appeal the rejection of ITC claims in the rejection letter. 	<ul style="list-style-type: none"> (i) The responsibility of the company is to check their emails regularly in order for the ITC claim to be paid on time. (ii) No warning letter/reminder will be issued by RMCD on this issue. (iii) Company have the avenue to re submit a new return for ITC claim.

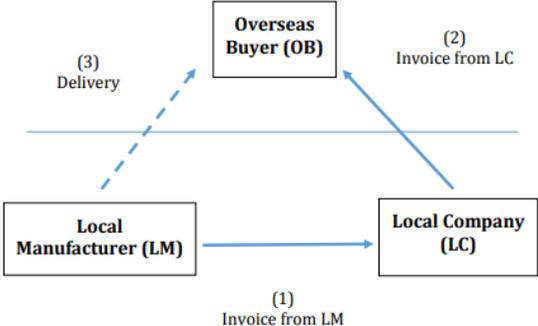
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6.	Input Tax Incurred in relation to Out of Scope Supplies	MICPA (7)	<p>With reference to Para 39 of the GST Act 2014, the amount of input tax for which any taxable person is entitled to credit in any taxable period shall be so much of the input tax for the period that is allowable and reasonable to be attributable to the following supplies made or to be made by the taxable person in the course or furtherance of any business in Malaysia:</p> <ul style="list-style-type: none"> (a) Any taxable supply, including a taxable supply which is disregarded; (b) Any supply made outside Malaysia which would be a taxable supply if made in Malaysia; or (c) Any other supply as may be prescribed. <p>In the circumstances where the Company is making out of scope supplies (i.e. late payment charges, penalties, issuance of share), we would like to seek clarification as to whether the attributable expenses incurred be allowable for input tax credit purposes since out of scope supplies are not taxable supplies from GST perspective.</p> <p>We are of the opinion that the input tax incurred attributable to out of scope supplies shall be claimable since the expenses are incurred in the course or furtherance of business. There is no specific provision under the current GST legislations and guides</p>	Input tax relating to an activity which is not a supply for the purpose of GST is not claimable.

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			restraining the input tax incurred for business expenses which are out of scope.	
7.	Apportionment of input tax used for the whole development of land with commercial, residential and public amenities and utilities	MICPA (1)	<p>Referring to the Customs Minutes 1/2017 Issue No 7, feedback from Customs stated that the most suitable method to apportion input tax used for the whole development of land (i.e. commercial and public amenities and utilities) which cannot be directly attributable to public amenities and public utilities is based on the acreage usage of land by using the portion of the commercial and public amenities and public utilities based on the development order/planning order.</p> <p>However, the treatment of the input tax and example given are for the development of land without residential properties.</p> <p>In view of the above, would like to request for clarification about the input tax apportionment for development of land which has commercial, residential properties and public amenities and utilities.</p> <p>For the development of land with commercial, residential and public amenities and utilities (infra), how should the input tax be apportioned?</p> <p>The two methods below result in different ITC</p>	<p>The method to apportion input tax are as follows:</p> <p>(i) The input tax relating to infra is taken out from the total input tax. This is by apportioning the land based on the acreage.</p> <p>(ii) Calculate the residual input tax based on the remaining input by using turnover method accordingly.</p> <p>Example: Input tax incurred on earthwork = RM 1,000,000.00 Total development of land = 10 acres Acreage on commercial property = 5 acres Acreage on infra = 3 acres Acreage on residential property = 2 acres</p> <p>Residual input tax (TX-RE) = $RM\ 1,000,000.00 \times [(5+2)/10]$ = RM700,000.00</p>

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			<p>claimable while still adhering to the feedback from Customs:</p> <p>Method 1</p> <p>Using the method from the feedback (acreage usage), the input tax relating to the portion of infra is removed from the total input tax (Non-claimable). Then, the remaining input tax is accounted for as residual input tax with the tax code TX-RE by using turnover method.</p> <p>Method 2</p> <p>Using the method from the feedback (acreage usage), only the input tax relating to the portion of commercial properties is claimed.</p> <p>Example:</p> <p>Input tax incurred on earthwork = RM 1,000,000.00 Total development of land = 10 acres Acreage on commercial property = 5 acres Acreage on infra = 3 acres Acreage on residential property = 2 acres</p> <p>Using method 1:</p> <p>Residual input tax (TX-RE) = RM 1,000,000.00 x [(5+2)/10] = RM700,000.00</p>	

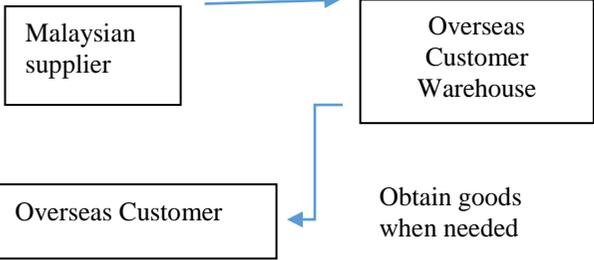
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			<p>The residual input tax will then be apportioned based on turnover method accordingly.</p> <p>Example:</p> <p>Input tax incurred on earthwork = RM 1,000,000.00 Total development of land = 10 acres Acreage on commercial property = 5 acres Acreage on infra = 3 acres Acreage on residential property = 2 acres</p> <p>Using method 2:</p> <p>ITC claimable = RM 1,000,000.00 x 5/10 = RM 500,000.00 The RM 500,000.00 ITC will be claimed without further apportionment.</p> <p>We would like to seek clarification from Customs on the treatment of the input tax in the abovementioned scenario.</p>	
8.	Imported services Reverse charge on international flight and travel insurance	STA (2)	<p>Related to the issue above, businesses also purchase international flight ticket and international travel insurance for the staff who are travelling abroad for official duties. The airline company and insurance company are from overseas country and the purchases are made online.</p>	<p>(i) Services which are acquired from a supplier outside Malaysia which is to be consumed outside Malaysia is treated as a supply not within the scope of GST.</p> <p>(ii) However, since the insurance coverage which is a single supply</p>

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			<p>As such, we would like the RMCD's clarification if this would be considered as an imported services and hence subject to reverse charge? The coverage for international travel insurance is global and would include Malaysia as well.</p> <p>If this is treated as imported service and reverse charge is required, there will be zero output tax as this is a zero rated supply as stated in Item 7 of the Second Schedule in the GST (Zero-rated Supply) Order 2014. It should not give rise to any tax payable but such zero rated supply is required to be reported in the GST-03 form (field 11). There is currently no guidance on reverse charge for zero rated supplies.</p>	<p>includes Malaysia, and the services are also to be consumed in Malaysia, the supply is a taxable supply subject to GST at a SR. References may be made to the GST Supply Guide.</p>
9.	Zero Rating for Indirect Export of Goods	CTIM (3)	<p>Goods exported are Zero-Rated under Section 17(1)(b) of the GSTA 2014. The document to support Zero-rating is the Form K2, issued in the name of the exporting company.</p> <p>In the case of zero-rating indirect exports of goods, Item 2 of DG Decision 4/2015 sets out a list of rigid requirements in respect of Bill of Lading /Airway Bill that may adversely affect Malaysia's competitiveness in international trade, as such requirements are only applicable in scenarios where a Straight Bill of Lading is issued by the Carrier in the case of Ocean transport.</p>	<p>RMCD to issue a Public Ruling pending decision by Bhgn Perkastaman.</p>

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			<p>Amongst others, Item 2 of the DG Decision include the following requirements (where a local manufacturer (LM) sells to a Local company (LC). LC then sells the goods to an Overseas Buyer (OB) but instructs LM to export the goods directly to OB):-</p>  <p>Para 1(b)(v) : K2/K8 must state LM as Consignor and OB as Consignee</p> <p>Para 1(b)(vi)(bb) : Bill of Lading/Airway</p> <p>Bill must state LM as Shipper, OB as Consignee, and Notifying Party must indicate “details of OB” and “LC as owner of goods”</p> <p>The following are some international trade scenarios where a Straight Bill of Lading cannot be issued by the Carrier.</p> <p>Scenario 1</p>	

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			<p>i. When OB is paying via a Letter of Credit/Bank Guarantee, the name of OB's Foreign Bank will be stated as the Consignee, since the Bank holds title to the consignment during the time the cargo is in transportation to its destination. The Bill of Lading issued by the Carrier does not allow OB to be stated as Consignee in this scenario.</p> <p>ii. When OB intends to on-sell the goods to another overseas buyer, "Consignee" in the Bill of Lading issued by the Carrier would be stated as "To Order". "To Order" Bill is a negotiable instrument in international trade.</p> <p>Scenario 2</p> <p>i. Where goods are exported by land, there is no Bill of Lading issued. Instead, a Packing List or other similar documentation will be issued by the Forwarder or Trucking company (effectively a House Bill / Way Bill that lists out the Consignor, Consignee, Origin, Destination, Route and other details including the conditions of the Contract of Carriage, where applicable).</p> <p>ii. Notwithstanding the absence of a Bill of Lading issued in the rigid form factor as</p>	

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			<p>mandated in Item 2 of DG Decision 4/2015 specifically, facts and other evidence /documentation would have been sufficient to support the zero-rating for the indirect export, in addition to Form K2 as required by law.</p> <p>CTIM would like to request that RMCD allow flexibility in these requirements, so long that it can be shown for a fact, with Form K2 as primary evidence as prescribed by law, that the goods have in fact been physically exported out of Malaysia. Other requirements which are administrative in nature should only be viewed as secondary evidence and as such, should not be mandatory or rigidly imposed. CTIM would urge RMCD to review this practice and ensure that a practical solution can be achieved in view of the international trade considerations.</p>	
10.	Treatment for goods sent to overseas warehouse of foreign customer but not sold yet (no invoice issued) at the time of export	MICPA (2)	Treatment for goods sent to overseas warehouse of foreign customer but not sold yet (no invoice issued) at the time of export	<p>(i) Subparagraph (5(1) of the First Schedule of the GST Act 2014</p> <p>Subject to subparagraph (2), where goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets, whether or not for a consideration, the transfer or</p>

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			<p style="text-align: center;">Goods delivered</p>  <pre> graph TD MS[Malaysian supplier] --> OCW[Overseas Customer Warehouse] OCW --> OC[Overseas Customer] </pre> <p style="text-align: right;">Obtain goods when needed</p> <p>A supplier will first send the goods to an overseas customer’s warehouse located outside of Malaysia without the transfer of ownership. Then, tax invoices will be issued when the customer collects the goods from their warehouse when needed.</p> <p>In the above scenario, there will be a K2 export declaration made for the goods exported to Customer’s warehouse at overseas. However, no tax invoice was issued as the goods still belong to the Malaysian supplier A before any collection by the overseas customer. When the customer collects the goods, the goods are supplied from outside of Malaysia to outside of Malaysia.</p> <p>We would like to seek clarification from Customs on the following:</p> <p>(a) The classification of supply and time of</p>	<p>disposal is a supply of goods by the person.</p> <p>Based on the above provisions, No supply of goods is taken place if there is no transfer or disposal of goods forming part of the assets of a business even though the goods has been exported.</p> <p>(ii) Subsection 174. (1) of the GST Act 2014-</p> <p>Subject to subsection (2), this Act shall be construed as one with the Customs Act 1967 or the Excise Act 1976 with regards to the exportation or importation of goods including in transit and the movement of goods under customs control.</p> <p>Subsection 2(1) of the Custom Act 1967-</p> <p>“export” with its grammatical variations and cognate expressions means to take or cause to be taken out of Malaysia, by land, sea or air or to place any goods in a vessel, conveyance or aircraft for the purpose of such goods being taken out of Malaysia by land, sea or air.</p>

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			<p>supply for supplier A.</p> <p>(b) As the transfer of ownership takes place outside of Malaysia, will the transaction described then be an out of scope supply?</p> <p>(c) For the electronics industry, the goods being supplied are usually specific to each customer's needs and any leftover goods will be bought by the customer. Hence, if the goods to be stored in the overseas customer's warehouse located outside of Malaysia are not marketable elsewhere, should the act of delivery of the goods be considered an export, given the fact that the customer had already agreed to buy all of the goods including the leftover?</p> <p>(d) The GST treatment of goods sent to the overseas warehouse of foreign customer before transferring of ownership of goods.</p>	<p>Subsection 12. (2) of the GST Act 2014-</p> <p>Where the supply of any goods involves their removal from a place in Malaysia to another place in Malaysia, the goods shall be treated as supplied in Malaysia if the goods are in Malaysia and where the supply of goods involves their removal from a place outside Malaysia to another place outside Malaysia, the goods shall be treated as supplied outside Malaysia.</p> <p>Based on the above provisions, exported goods (goods already outside Malaysia) supplied outside Malaysia is a removal of goods from a place outside Malaysia to another place outside Malaysia which is an out of scope supply.</p> <p>(iii) The goods are considered an export if the goods already exported (proven with prescribed export form). If the customer had already agreed to buy all of the goods (goods already exported) including the leftover outside Malaysia, the transfer or disposal of the goods is an out of scope supply (supply outside Malaysia).</p>

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				(iv) Where goods, being sent to the overseas warehouse of foreign customer before transferring of ownership of goods, no supply is made until it becomes certain that the supply (out of scope supply) has taken place.
11.	Ministers Relief – Claims for repairs under a warranty to a foreign manufacturer	CTIM (4)	<p>The Minister of Finance has agreed that claims for repair costs under a warranty made by a distributor from an overseas manufacturer, will be considered as a “cost recovery” and is not subject to GST, subject to a list of conditions</p> <ol style="list-style-type: none"> 1. Condition a. requires the company to submit a written application. However the mechanism for this application is not made clear. <p>Is an application to be made in every period that claim is made? This would not be practical, and would be a time consuming affair. In addition, would GST need to be charged pending approval by Customs.</p> <ol style="list-style-type: none"> 2. Condition e. states that there must be no element of mark-up in the claim. <p>In practice, it may be difficult to reconcile the costs of the parts to the amount claimed due to forex differences and duties incurred to show</p>	RMCD is awaiting the decision from MOF.

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			<p>that no mark-up has been charged.</p> <p>1. CTIM proposes that no prior approval is required to reduce the administrative burden and cost. The warranty claims can be verified by Customs as part of their audit process.</p> <p>If approval is required, CTIM would propose that a one-off application be made for all Agreements entered into by the particular entity. For this application, sample documentation for the claims can be submitted.</p> <p>2. CTIM wishes to propose that Customs refer to the terms of the contractual agreement between parties as evidence to support that the warranty claim is to be made with no mark-up.</p>	
12.	GST Treatment under MOF 's Relief Order 2/2015	FMM (1)	<p>Company A is an LMW status company. Company A sells their goods to an overseas company. The invoice and payment is with the overseas company. However, based on their Purchase Order they are required to deliver the goods to a company located in the FIZ.</p> <p>Under the MOF 's Relief Order 2/2015, the supply of goods from LMW Company to FIZ Company or vice versa is relieved from</p>	<p>(i) Item 3.2 in the Relief by Minister 2/2015 (effective 15 July 2015) stated that the supply of goods from an LMW company to an FIZ company or vice versa is relieved from charging GST on the supply of goods. (s. 56(3)(b) GSTA)</p> <p>(ii) The goods are not supplied but only delivered to the FIZ. LMW is making</p>

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			<p>charging GST under the GST Act S.56(3)(b).</p> <p>However, the Customs Department has requested the company to issue a tax invoice and charge 6% GST based on the Customs value as the supply of goods made by an LMW company to the overseas buyer will be considered as drop-shipment of goods to FIZ Company in Malaysia and it is subject to 6% GST.</p> <p>The goods which are supplied or delivered to the FIZ should be granted a relief under the MOF's Order 2/2015 regardless whether the goods are invoiced to the overseas customer.</p> <p>The RMCD should allow proof of immediate delivery place or billing invoice to grant relief of the GST incurred for goods delivered to FIZ but invoiced overseas.</p>	<p>supply to OC (overseas company) and the OC should pay GST on the customs value of the goods.</p> <p>(iii) Therefore, there is no supply between the LMW and FIZ (only removal), thus Item 3.2 in the Relief by Minister 2/2015 (effective 15 July 2015) is not applicable.</p>
13.	Issues on emails from TAP regarding correspondence received from RMCD	CTIM (5)	For clients authorized under our GST Agent Log In – every time there is a new correspondence in TAP, we will just receive emails with the title “Correspondence Received” without any indication of which company the correspondences relate to. If we have 50 clients under our log-in, we may have to check up to 50 times to determine the Correspondence relates to which Company in case we missed out important letters like requests for	MyGST system is in the process of updating. Once it is updated, necessary action will be taken.

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			<p>documents to be verified which we need to revert within 1 week for example.</p> <p>We understand that this issue had been raised previously but currently tax agents appear to be still facing the same problem. If possible and to improve process efficiency, CTIM would recommend that the TAP system be configured so that the title on emails generated by the TAP system indicates the name of the taxable person concerned.</p>	
14.	Public Transportation	MATA (1)	<p>MBSA/MPPJ purchased passenger buses provide free service to the public. The service of Public Transportation is an exempt supply. The input tax which directly for making exempt supply cannot claim.</p> <p>However, owing to the free services provided by MBSA/MPPJ, the authorities may claim input tax credit.</p> <p>We propose Customs to make a decision whether the supply is considered as exempt supply because it is a public transportation.</p>	<p>Passenger transportation is an exempt supply. However since MBSA / MPPJ provide the passenger transportation free of charge then it is no longer a supply. Therefore no input tax is claimable.</p>
15.	Simplified Tax Invoice	MATA (2)	<p>The DG Decision 1/2015 (Item 5 – Approval for Simplified Tax Invoice) states among others the Decision by DG of Customs as follows: -</p> <p><i>DG pursuant to section 33(3)(a) of GSTA gives</i></p>	<p>(i) DG’s decision does not cover business.</p> <p>(ii) From implementation side - company has to apply to RMCD, by</p>

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			<p><i>his approval (blanket) to any registered person who makes a supply to end consumer (not businesses), to exclude following particulars in their tax invoices –</i></p> <p><i>(a) the word ‘tax invoice’ (reg. 22(a) GSTR);</i> <i>(b) name and address of the recipient (reg.22 (e) GSTR);</i> <i>(c) the total amount payable exclusive of tax.</i></p> <p>The DG decision has retrospective effect from date of issuance.</p> <p>Technically, the DG Decisions does not allow the input tax is claimed by the businesses as the blanket approval is only granted to the simplified tax invoice issued to end consumers only.</p> <p>Customs has further responded via GST Technical Meeting on 31 July 2017 as follows:-</p> <p><i>Claiming of input tax by a buyer who holds a simplified tax invoice which is not covered under Item 5 of DG’s Decision 1/2005 and not approved by the DG is not allowed.</i></p> <p>At this stage, as a concession, it is understood that Customs still allows the businesses to claim input tax credit on the simplified tax invoice.</p>	<p>system (online)</p> <p>(iii) DG’s decision will be replaced.</p> <p>(iv) RMCD to issue Public Ruling to rectify the issue.</p>

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			<p>Our member requests Customs to confirm the understanding is correct. If the concession is confirmed, we proposed this is included in the DG Decision. This is to avoid ambiguity / dispute on the input tax credit claims made by business on the simplified tax invoice issued to them.</p>	
		<p>MICPA (3)</p>	<p>RMCD granted blanket approval via DG Decision 1/2015 to registrant who makes supply to end consumer to issue simplified tax invoice which exclude the following particulars:</p> <ul style="list-style-type: none"> (i) the word “tax invoice”; (ii) name and address of the recipient; (iii) total amount payable exclusive of tax. <p>Furthermore, paragraph 120 of the General Guide as at 24 August 2017 explains that if the GST amount in the simplified tax invoice is more than RM30.00 (e.g. RM50.00) and the recipient wants to claim the full amount, he has to request for <u>his name and address to be inserted in the invoice.</u></p> <p>We would like to confirm that, in the circumstances where a Company has obtained a simplified tax invoice with the Company’s name and address inserted therein, the Company will be entitled to claim the full amount of input tax (amount exceeds</p>	<p>Same as the above.</p>

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			RM30.00) notwithstanding the word “tax invoice” and total amount payable exclusive of tax are not contained.	
16.	Validity of Tax Invoice	MICPA (4)	<p>With reference to regulations 38 and 39 of the GST Regulations 2014, a recipient must hold a valid tax invoice in respect of a supply of goods and services used for business purposes and attributable to taxable supplies made or to be made.</p> <p>To be a valid tax invoice for input tax credit purposes, the tax invoice shall contain all prescribed particulars under regulation 22 of GST Regulations 2014, which includes:</p> <ol style="list-style-type: none"> a. the word “tax invoice” in a prominent place; b. the tax invoice serial number; c. the date of the tax invoice; d. the name, address and identification number of the supplier; e. the name and address of the customer; f. description of goods or services supplied; g. distinguish the type of supply and amount payable, excluding tax; h. any discount offered; i. total amount payable excluding tax, the rate of tax and total tax chargeable; j. total amount payable inclusive total tax chargeable; and k. amount expressed in ringgit accordance 	Generally, company must give its full name to the supplier for tax invoice issuance purposes and claiming ITC. However, the company has to apply to RMCD for approval to be stated on the invoice under an abbreviated company’s name.

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			<p>with paragraph 5 of the Third Schedule of the Act.</p> <p>Assuming all the prescribed particulars under regulation 22 of GST Regulations 2014 are contained, we would like to confirm whether a tax invoice is considered valid for claiming of input tax for the following situations under part (e) of regulation 22:</p> <ol style="list-style-type: none"> 1. Company's name is not stated in full 2. Company's name is incomplete (i.e. in the absence of "Sdn Bhd") 3. The word "Sdn Bhd" or "Berhad" is shortened to "S/B" or "Bhd" 4. Company's address stated is not the address registered in TAP 5. Company's address stated is not exactly the same as registered address. <p>We are of the view that the above shall be allowed for input tax credit purposes, considering the practical difficulties and administrative cost to ensure its completeness.</p>	
17.	Issuance of Tax Invoice	MICPA (5)	<p>With reference to regulation 22 of the GST Regulations 2014, a valid tax invoice must contain all prescribed particulars as required in the said regulation.</p> <p>In the event where a customer is reluctant to</p>	Non-compliance will be subject to an offence under subsection 33(2)(b) GSTA 2014.

NO	ISSUE	ORGANIZATION/ QUESTION NUMBER	QUESTION	FEEDBACK FROM RMCD
			<p>provide his name and address for billing purposes, we would like to seek clarification as to whether the Company be considered as having failed to issue tax invoice containing prescribed particulars?</p> <p>We are of the opinion that the Company shall not bear any risk of issuing invalid tax invoice under this circumstance considering the practical limitation to obtain the customer's name and address, where the right of claiming input tax is forgone by the customer if he is a GST registrant.</p>	
18.	Transaction of Members within Group	MICPA (6)	<p>Where companies have been treated as a group under Section 27 of the GST Act 2014, any business carried on by a member of the group shall be treated as carried on by the representative member, and any taxable supply of goods or services by a member of the group to another member of the group shall be disregarded.</p> <p>In the circumstances where a member of the group provides loan to another member of the group, we would like to seek clarification as to whether the interest income received from the member be regarded as an incidental exempt supply and disclosed under field 12 of the GST return or treated as disregarded supply.</p>	<p>(i) Taxpayer has to declare under Field 12 (exempt supplies) GST-03 return.</p> <p>(ii) As long as company can justify itself under Reg 40(1), they are allowed to register under a group registration.</p>

NO	ISSUE	ORGANIZATION/ QUESTION NUMBER	QUESTION	FEEDBACK FROM RMCD
			<p>We are of the opinion that since the interest on loan is considered as transactions within the group, the interest income received shall thus be disregarded and need not be reported as incidental exempt supplies in field 12 of the GST return.</p>	
19.	Relief Supplies	MICPA (8)	<p>With reference to Para 5 of GST (Relief) Order 2014, the relief from charging or payment of tax on goods shall take effect in respect of goods supplied by a registered person, where the relief is subject to the production of a certificate, at the time the certificate is produced to the registered person.</p> <p>(i) For supply of goods or services to the person given relief on a monthly basis with monthly tax invoices to be issued, is the person required to provide a new Certificate of GST Relief (“CoGSTR”) to the supplier for each month’s supply.</p> <p>(ii) The supplier (i.e. service provider) is not required to verify as to whether the Certificate of GST Relief (CoGSTR) received has been signed by a designated person authorised by the person given relief, i.e. not the supplier’s responsibility to check. Even though the CoGSTR may be signed by a person other than a designated person, it is still acceptable without verification required by the supplier.</p>	<p>(i) There are various scenario for providing CoGSTR:</p> <p>(a) If the supply is made under an agreement for a period/ progressively, CoGSTR can be issued at each progressive supply.</p> <p>(b) For utility, CoGSTR is allowed to be issued once a year.</p> <p>(c) For the supply without a contract, the CGSTR must be issued based on either goods removed, payment received or tax invoice issued.</p> <p>(ii) It is not the supplier’s responsibility to verify whether the CoGSTR is signed by a designated person or not. It is sufficient as long as the person who are entitled for the relief can produce CoGSTR and make it available to the supplier upon the supply of goods.</p>

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			<p>We would like to seek clarification on the following:-</p> <p>(i) Continuous supply of goods or services on a monthly basis generally refers to the supply of goods or services in similar nature for a period and as such, shall be granted relief once the initial CoGSTR is verified as valid for being relieved from charging or payment of tax.</p> <p>(ii) It is virtually/practically impossible for a supplier to verify and confirm if the CoGSTR is signed by a designated person. GST relief shall be provided to a person approved under GST (Relief) Order 2014 holding a CoGSTR with all other particulars required are completed.</p>	
20.	Deposit Received	MICPA (9)	<p>With reference to RMCD's letter to Malaysian Association of Hotels on 11 March 2015, the GST treatment on deposit received for hotel industry shall be considered as follows:</p>	<p>The GST treatment where the deposit is not a consideration for a supply applies only to hotel room advance booking.</p>

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			<p><u><i>GST Treatment on deposit received</i></u></p> <p>Layanan GST ke atas deposit sama ada boleh dikembalikan atau tidak atau dalam bentuk sekuriti dianggap bukan sebahagian daripada balasan, dengan itu tidak dikenakan GST.</p> <p>Deposit yang merupakan sebahagian daripada balasan adalah tertakluk kepada GST pada masa deposit tersebut diguna untuk mengimbangi (offset) dengan harga belian sebaik saja pembekalan dibuat.</p> <p>Please confirm our understanding that the above GST treatment shall be applicable to all revenue generated by the particular hotel including non-hotel room related revenue (e.g. deposit received in relation to wedding banquet, corporate functions and rental of conference rooms.)</p> <p>Most hotel operators will receive deposits in advance from activities other than rendering of hotel room. We are of the opinion that ALL deposits received by hotel operators shall only be recognized at the time when the amounts are used to offset against the value of supply.</p>	
21.	Supply of Accommodation	MICPA (10)	With reference to Section 27 of the GST Act 2014, two or more companies are eligible to be treated as members of a group if they satisfy the conditions prescribed under regulation 19	The companies are not qualified for GST group registration if they are making an exempt supply.

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			<p>of the GST Regulations 2014, including the following condition: <i>“the company is registered under the Act and makes wholly taxable supplies”</i></p> <p>In practice, it is quite common that companies will provide accommodation to their employees (including workers) with minimal charges imposed as recovery to the expenses incurred. This supply of accommodation is treated as an exempt supply as prescribed under the GST (Exempt Supply) Order 2014.</p> <p>We would like to clarify whether the supply of accommodation will result in the disqualification of the particular company from group registration?</p> <p>Will the answer above vary if the total exempt supplies made in a particular month are within the acceptable threshold under “De Minimis Rule” (i.e. total value of exempt supplies do not exceed an average of five thousand ringgit per month and five per cent of total value of all taxable and exempt supplies made in that period)?</p> <p>Provision of accommodation to the employees with minimal charges is very common, in particular companies under manufacturing and retailing industries considering huge number of manpower required.</p>	

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			We are of the opinion that these companies shall not be disqualified from group registration by making exempt supplies through the provision of accommodation to employees, and the total amount of exempt supplies made shall be disregarded.	