

IMPLEMENTATION OF GST – FMM COMPILATION ON FEEDBACK FROM THE INDUSTRY

A. Outstanding Issues

NO.	ISSUE	OUTSTANDING ISSUE	SUGGESTIONS
1.	<p><u>Claim of input tax within 6 years from the date of supply or importation</u></p>	<p>According to the GST Act, where any claim of input tax has not been made in the taxable period, the Director General may allow such person to make the claim within 6 years from the date of supply to or importation by him.</p> <p>FMM would like to suggest that if the tax document is within 6 years from date of supply or importation, taxable person is allowed to claim input tax without DG's permission.</p> <p>Customs Written Response (after the GST Technical Committee 2/2015 held on April 29, 2015):</p> <p>Such claim can only be made within 6 years if the taxpayer has valid reasons for doing so. Otherwise the claims must be in the taxable period where he</p>	<p>We would like to clarify if the taxable person is allowed to claim input tax (within 6 years from date of supply or importation) without the requirement to write in to the DG for permission?</p>

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		<p>incurred the input tax and in possession of valid documents such as tax invoice or import documents.</p>	
2.	<p><u>Standard Operating Procedure on Customs DG Approvals</u></p>	<p>There are many applications that call for the approval from the Customs Director General including the utilisation of the GST Relief Order, application for the ATS and ATMS, Group Registration and etc.</p> <p>It has been brought to FMM's attention that letters and applications seeking the approval from the Customs DG have not received timely replies.</p> <p>Customs Written Response (after the GST Technical Committee 2/2015 held on April 29, 2015):</p> <p>SOP has been uploaded for the utilisation of the Relief Order and etc.</p>	<p>We would like to request for a client charter or a standard response time on the letters and applications seeking the approval from the Customs DG.</p>
3.	<p><u>Clarification on the double tax deductions on GST training expenses</u></p>	<p>Customs Department has developed the guidelines for claiming double tax deductions on training expenses.</p> <p>According to the guidelines, in order to be</p>	<p>FMM would like to request the Customs Department to grant a blanket approval to FMM on GST trainings conducted by FMM in collaboration with the Royal Malaysian Customs Department.</p>

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		<p>eligible for the deductions, the training should be conducted by trainers that have been approved by Customs.</p> <p>Many academic institutions, accounting firms and industry associations conduct trainings on a regular basis. In order to get an approval for each training session would be tedious for both the training provider and the Customs Department.</p> <p>Customs Written Response (after the GST Technical Committee 2/2015 held on April 29, 2015):</p> <p>Blanket approval has been granted to agencies such as CTIM, MATA and MIA conducting GST courses in collaboration with the Royal Malaysian Customs Department of.</p>	
4.	<u>Participating Banks for Online Payment of GST</u>	<p>The direct online payment of GST can only be made through 7 participating local banks.</p> <p>FMM has been informed by Customs that companies are able to make direct debit</p>	<p>The decision by the Technical Committee and the Monitoring Committee is confusing and FMM would like to seek clarification on the current GST law governing processes by foreign banks to allow direct online payment of GST.</p>

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		<p>payment through the following foreign banks: Bank of America, Citibank, HSBC, OCBC, Standard Chartered and Duetsche Bank. However, they are first required to seek approval by submitting the Direct Debit Approval Form (DDAF) from any RHB branches.</p> <p>Hence, companies with accounts with foreign banks will require opening accounts with local banks to pay GST returns online.</p> <p>In order to facilitate businesses, the Government should encourage foreign banks to allow direct online payment of GST.</p> <p>We would also like this online GST payment facility to be granted to importers to avoid backlog at ports.</p> <p>Customs Response:</p> <p>At the last GST Technical Committee 2/2015 held on April 29, 2015, Customs highlighted that companies are able to</p>	

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		<p>make direct debit payment through the following foreign banks: Bank of America, Citibank, HSBC, OCBC, Standard Chartered and Duetsche Bank. However, they are first required to seek approval by submitting the Direct Debit Approval Form (DDAF) to any RHB branches.</p> <p>However, at the GST Monitoring Committee 3/2015 held on April 30, 2015, the Customs Department has requested businesses to write in to the Customs DG in order to make payments through foreign banks.</p>	

B. New Issues

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1.	<u>Confusion on the GST treatment for Shipping Line and Freight Forwarder charges</u>	<p>Major shipping lines had circulated to their customers the list of GST treatment on logistics services. The list is based on their interpretation of the GST Guides for Shipping Industries produced by Customs Department.</p> <p>Some of the items i.e. demurrage fee which was charged 6% in the circulated list appeared to be zero rated in GST Guides for Shipping Industries. Another example is the supply of services for the repair and maintenance of a ship which is zero rated in the guidelines but shipping lines charged 6%.</p>	We would like to propose for the Customs Department to develop a table listing the GST treatments for the various logistics services specific to the type of charges, abbreviation and GST treatment.
2.	<u>Financial Services Payment Gateway in All Customs Stations</u>	<p>Currently the FSPG (Financial Services Payment Gateway) facility is not available in certain Customs stations in the country. Examples are Bukit Kayu Hitam Kedah and Tanjung Kupang Johor.</p> <p>As a result, businesses are required to make payment of Customs Duties and</p>	Customs to have FSPG facility in all Customs station to facilitate GST payment and clearance until it is eventually replaced by u-Customs.

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		<p>GST via cheque. The issuance of cheque by the tax payer and the delivery of cheque to the Customs station will result in late payment subsequently late clearance of goods. The minimum delay in clearance is 3 days.</p> <p>This situation was not a problem prior to GST, as many goods have either zero import duty, exempt import duty or CJ5 facility. But with many imported goods having to pay GST, this is now a problem</p>	
3.	<u>Delays in Approval of the list of raw materials / components / accessories and machines to be imported under the ATS</u>	<p>It has been brought to FMM's attention that there are delays in the approval of the list of raw materials / components / accessories and machines to be imported under the ATS submitted through the TAP system. This is causing delays in clearing ATS imports at ports and thus increasing cost of doing business and reducing productivity of businesses.</p>	<p>FMM would like to suggest for Customs to speed up these approvals to facilitate imports through the ATS.</p> <p>We would also like to request for a client charter or a standard response time on all applications seeking approval through the TAP system.</p>
4.	<u>GST Call Centre</u>	<p>Based on feedback received from businesses post April 1, 2015, there still appears to be much confusion over the interpretation of the GST Act and its</p>	<p>It is proposed that the Customs Department establish dedicated lines for the businesses / GST registrants to seek clarification.</p>

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		<p>related laws. Despite the 55 industry guides and 16 specific guides, companies are still grappling with the challenges of incorporating GST into current business practices. Customs has disclosed that the Department is understaffed and therefore not able to respond to the high number of calls to the call centre. Most of the calls are from the general public on whether the products are standard rated / zero rated.</p>	