

AMENDMENT TO GST FREQUENTLY ASKED ISSUES (FAI) NO: 1/2015

NO.	DECISION NO.	AMENDMENT
1.	1/2014 Claiming bad debt relief.	<p>Item 3 is amended as follows –</p> <p>(a) by substituting sub item 3(iii) as follows –</p> <p style="padding-left: 40px;">(iii) “If the bad debt relief is not claimed immediately after the expiry of sixth month, then the taxable person has to notify the Director General (DG) within 5 days after the expiry of sixth month on his intention to claim at a later date”.</p>
2	1/2014 Foreign Exchange Can businesses use any exchange rate for transaction involving foreign currency?	<p>Item 6 is amended by substituting with a new item(iii) as follows –</p> <p>(i) Paragraph 5 of 3rd Schedule of the GSTA requires business to convert the foreign exchange into ringgit –</p> <p style="padding-left: 40px;">(a) In the case of a supply including imported services, at the selling rate of exchange prevailing in Malaysia at the time the supply takes place; or</p> <p style="padding-left: 40px;">(b) In the case of importation of goods, at the rate of exchange determined by DG at the time applicable for the calculation of customs duty or excise duty and valuation. Therefore, for imported goods, irrespective whether the importer is GST registered or not, he must use the exchange rate determined by the DG;</p> <p>(ii) In the case of local supply including imported services or export of goods, where the supplier and the buyer are both making wholly taxable supplies and both are businesses registered for GST –</p> <p style="padding-left: 40px;">(a) the businesses may use any of the following exchange rates published by –</p> <p style="padding-left: 80px;">(aa) Bank Negara Malaysia (BNM) ;</p> <p style="padding-left: 80px;">(bb) any commercial banks in Malaysia or any other banks registered under BNM;</p>

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		<p>(cc) news agencies e.g. Bloomberg, Reuters, Oanda, ASWJ, XE, Strikeiron;</p> <p>(dd) any foreign central banks e.g. European Central Bank and Federal Reserve Bank of New York, Korean Exchange Bank.</p> <p>(b) The exchange rate from any of the published rates in sub paragraph (ii) (a) above must be –</p> <p>(aa) the prevailing exchange rate (selling rate) corresponding to the time of supply;</p> <p>(bb) the monthly average rate of the previous month corresponding to the time of supply;</p> <p>(cc) the month-end average rate corresponding to the time of supply;</p> <p>(dd) the month end selling rate corresponding to the time of supply;</p> <p>(ee) the opening selling rate of the month corresponding to the time of supply;</p> <p>(ff) the average rate of the highest rate plus (+) the lowest rate of the previous month corresponding to the time of supply; or</p> <p>(gg) the hedged exchange rate with banks corresponding to the time of supply;</p> <p>(c) The exchange rate as in sub paragraph (ii) (a) and (b) must be used consistently for internal business reporting and accounting purposes and used for at least one year from the end of the accounting period in which the method was first used.</p> <p>(d) If a GST registered person wants to use an exchange rate other than the rates as in sub paragraph (ii) (a) and (b) above, he must apply in writing to the Director General for his approval.</p>
3.	<p>2/2014</p> <p>Motor cars used exclusively for business</p>	<p>Item 1(iii) is amended by substituting with a new item(iii) as follows-</p> <p>(iii) Motor cars used exclusively for business purposes which the Director General may approve are –</p> <p>(a) Test Drive car - a car used for a limited period in order to assess its performance and reliability.(Only for car dealers);</p>

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	<p>purposes as approved by the DG.</p>	<p>(b) Cars used for security purposes – a car used by security officers only for patrol in the company's compound to protect the business premise;</p> <p>(c) Cars used in providing technical assistance - a car used mainly in providing technical assistance to company's clients e.g. maintenance services, breakdown services, repair services; or</p> <p>(d) Serve as an integral part in the running of a business (cannot continue business without them). It is a business that requires the use of passenger motor cars e.g. leasing of cars, taxi rental business;</p> <p>AND</p> <p>(e) The cars in (a), (b), (c), (d) or (e) above must fulfil all the following conditions –</p> <p>(aa) the motor car is registered in the name of the company;</p> <p>(bb) the motor car is not let on hire;</p> <p>(cc) there is no intention to make the motor car available for private use;</p> <p>(dd) the motor car is kept at business premises, used for business trips and must not be taken home overnight by any employee; AND</p> <p>(ee) the business's name or company's LOGO must be printed on the body of the car.</p>

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4.	2/2014 Gift Rule	<p>Item 4 is amended by substituting the example with a new example as follows:</p> <p>Example: Company ABC give gifts to his employee A in 2015 as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">DATE</th> <th style="text-align: center;">COST</th> <th style="text-align: center;">OMV</th> <th style="text-align: center;">GST</th> <th style="text-align: center;">TIME OF SUPPLY</th> </tr> </thead> <tbody> <tr> <td rowspan="4" style="text-align: center;">1st scenario</td> <td style="text-align: center;">Apr 2015</td> <td style="text-align: center;">RM200</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align: center;">Jun 2015</td> <td style="text-align: center;">RM200</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align: center;">Nov 2015</td> <td style="text-align: center;">RM300</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: center;">RM700</td> <td style="text-align: center;">RM742</td> <td style="text-align: center;">GST 6/106 X RM742 = RM42</td> <td style="text-align: center;">Nov 2015</td> </tr> <tr> <td style="text-align: center;">2nd Scenario</td> <td style="text-align: center;">May 2015</td> <td style="text-align: center;">RM800</td> <td style="text-align: center;">RM848</td> <td style="text-align: center;">GST 6/106 X RM848 = RM48</td> <td style="text-align: center;">May 2015</td> </tr> </tbody> </table>		DATE	COST	OMV	GST	TIME OF SUPPLY	1st scenario	Apr 2015	RM200				Jun 2015	RM200				Nov 2015	RM300				Total	RM700	RM742	GST 6/106 X RM742 = RM42	Nov 2015	2nd Scenario	May 2015	RM800	RM848	GST 6/106 X RM848 = RM48	May 2015
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