Summary of changes in the GST General Guide between 23 December 2015 and 1 July 2016

<table>
<tr><th>No</th><th>Heading</th><th>Amendments</th></tr>
<tr><td>1</td><td>Penalty for Late Payment of Tax</td><td>
A new paragraph (Para 175 Penalty for late payment of tax) was introduced together with a new Example 18 as follows:
“175 Where any tax due and payable is not paid by any taxable person after the last day on which it is due and payable and no prosecution is instituted, the taxable person shall pay a penalty :-
(a) for the first thirty days period, five percent of the amount of tax due and payable;
(b) for the second thirty days period that the tax is not paid after the expiry of the period, an additional penalty of ten percent of the amount due and payable;
(c) for the third thirty days period that the tax is not paid after the expiry of the period, an additional penalty of ten percent of the amount due and payable;
(d) subject to a maximum penalty of twenty-five percent of the amount of tax due and payable.
Example 18 : Late payment of tax (revised as at 01.07.2016)
<table>
<tr><th rowspan="2">Due Date</th><th colspan="3">GST</th><th colspan="2">On Due Date</th></tr>
<tr><th>Tax Due (RM)</th><th>Tax paid before due date (RM)</th><th>Balance (RM)</th><th>Rate of Penalty %</th><th>Penalty due (RM)</th></tr>
<tr><td>31.01.2016</td><td>10,000</td><td>-</td><td>10,000</td><td></td><td></td></tr>
<tr><td>01.03.2016</td><td>10,000</td><td>5,000</td><td>5,000</td><td>5%</td><td>500</td></tr>
<tr><td>31.03.2016</td><td>10,000</td><td>3,000</td><td>2,000</td><td>15%</td><td>1,500</td></tr>
<tr><td>30.04.2016</td><td>10,000</td><td>1,000</td><td>1,000</td><td>25%</td><td>2,500</td></tr>
<tr><td>Prosecution</td><td>1,000</td><td></td><td></td><td></td><td></td></tr>
</table>
Amount of penalty due is calculated as below:-
01.03.2016 : RM10,000 x 5% = RM500
31.03.2016 : RM10,000 x 15% = RM1,500
30.04.2016 : RM10,000 x 25% = RM2,500”
</td></tr>
<tr><td colspan="3">Transfer Of Going Concern (TOGC)</td></tr>
<tr><td>2</td><td>Registration for Transfer of Business as a Going Concern</td><td>
Paragraphs 29 & 30 of the General Guide (as at 23 December 2015) were consolidated and rewritten into one paragraph as follows:
“Registration for Transfer of Business as a Going Concern
29 If the transfer of the whole business is considered as a transfer of going concern (TOGC), the transferee must apply for registration within
</td></tr>
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No	Heading	Amendments
		twenty eight (28) days from the date of transfer. ~~The transfer of business is treated as a transfer of going concern if:-~~ ~~(a) the transferor is a taxable person;~~ ~~(b) the transferee must be a taxable or will be a taxable person immediately after the transfer of business;~~ ~~(c) the transfer of business must be accompanied by a transfer of business assets and to be used in carrying on the same kind of business; and~~ ~~(d) if only part of business is transferred, then that part of the business must be capable of operating on its own.~~ ~~**Effective Date of TOGC Registration and Deregistration**~~ ~~30~~ The effective date of ~~TOGC~~ registration *of the transferee* is on the date of the transfer. *However,* the taxable person (transferor) must apply for deregistration if he ceases making taxable supplies or ceases business after the business is being transferred."
3	**Transfer of Business Asset as a TOGC**	**Para 257** [Para 258 of the General Guide (as at 23 December 2015)] was revised as follows: ***"257.*** "~~258.~~ A transfer of business assets can only be regarded as a TOGC when certain conditions are satisfied as follows:- (a) the transferor must be a GST registered person at the time of the transfer and the transferee is a taxable person or by virtue of this transfer becomes a ~~taxable~~ person *liable to be registered (immediately after the transfer of business)*~~;~~ (b) the business transferred must be going concern at the time of the transfer *and is carried on by the transferor up to the date of the transfer*~~;~~ (c) the ~~transferee must use the transferred assets to carry on with the same kind of business of the transferor;~~ *the transfer of business either as a whole, or a self-contained part of it, must be accompanied by a transfer of records, customers, liabilities and assets and to be used in carrying on the same/similar kind of business of the transferor by the transferee;* and (d) where *if* only part of the business is transferred, ~~it~~ *then that part of the business* must be capable of operating on its own."
Imported Services		
4	**Time of Supply - Exceptions to the General Rules (Para 88)**	**Para 88(f)** [Para 89(f) of the General Guide (as at 23 December 2015)] was revised as follows: ***"88(f)*** "~~89(f)~~ **Imported Services** Where there is a supply of imported services, the time of supply ~~is when the supplies are paid for by the recipient~~ *for the recipient of the supply is treated as being the earlier of:* *(i) the date of invoice issued by the supplier who belongs in a country other than Malaysia or who carries on a business outside Malaysia; or* *(ii) the date of payment made by the recipient.*"

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No	Heading	Amendments
5	**Time of Supply**	Para 99 (Time of Supply of Imported Services) of the General Guide (as at 23 December 2015) was **deleted** as follows: ~~"99. The time of supply of imported services is due when payment is made by the recipient of that service to the extent covered by the payment made."~~
6	**Value of Supply**	Para 100 of the General Guide (as at 23 December 2015) was rewritten as Para 97 & 98 together with the new Examples 15 & 16 as illustrations as follows: ***"97.*** ~~"100.~~ If the recipient is a taxable person, he has to declare both input tax and output tax in his GST return and pay the tax not later than the last day of the following month after the end of his taxable period where the payment for the supply of imported services is made to the supplier *for imported services before 1st January 2016.* <u>Example 15:</u> Alpha Sdn Bhd (Alpha) engages the services from Zenith Pte Ltd (Zenith) in Singapore to upgrade their accounting software. Zenith sends his software engineer to Alpha to do the job on 1/12/2015. The job is completed on 15/12/2015 and Zenith issues an invoice to Alpha on 18/12/2015. Alpha makes the payment on the 30/01/2016. Alpha (monthly return) has to declare both input tax and output tax in his GST return for January 2016 and pays the tax by end of February 2016. " ***98.*** *If the recipient is a taxable person, with effect from 01/01/2016, he has to declare both input tax and output tax in his GST return and pay the tax not later than the last day of the following month after the end of his taxable period for the imported* *services at the earlier of the payment made for the supply of imported services* ***or*** *the date of the invoice issued by the supplier who does not belong in Malaysia.* <u>Example 16:</u> Alpha Sdn Bhd (Alpha) engages the services from Zenith Pte Ltd (Zenith) in Singapore to upgrade their accounting software. Zenith sends his software engineer to Alpha to do the job on 1/02/2016. The job is completed on 15/02/2016 and Zenith issues an invoice to Alpha on 18/02/2015. Alpha makes the payment on the 30/03/2016. Alpha (monthly return) has to declare both input tax and output tax in his GST return for February 2016 and pays the tax by end of March 2016."
Others		
7	**Mechanism to Claim Input Tax**	**Para 187** [Para 188 of the General Guide (as at 23 December 2015)] was revised as follows: **"Mechanism to Claim Input Tax** ***187.*** **"**~~188.~~ If input tax is not claimed in the taxable period in which ~~he is supposed to claim~~ *the taxable person holds the tax invoice,* ~~then such input tax can be claimed~~ *the Director General may allow such person to make a claim* within six (6) years ~~after the date of the supply to or~~

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		~~importation by the taxable person~~ *from the date of supply to or importation by him. A taxable is considered to hold a tax invoice on the earlier of:-* *(a) the date of time of posting the tax invoice into the company Accounts Payable; or* *(b) one year from the date he holds the tax invoice.*"
8	**Discount Vouchers**	**Para 239** [Para 240 of the General Guide (as at 23 December 2015)] was revised as follows: **"Vouchers/Tokens** **Para 239** "~~240.~~ Discount vouchers are ~~treated as~~ *non-*monetary vouchers. When such vouchers are used to purchase for goods or services, GST is charged on the price after discount."
9	**Warehousing Scheme**	**Para 277 & 279** [Para 278 & 280 respectively of the General Guide (as at 23 December 2015)] were revised as follows: **"Warehousing Scheme** **277** "~~278~~. Under the GST system, goods are subject to GST upon importation *and deposited in the warehouse.* The payment of GST by importers at the point of importation would cause difficulties in terms of cash flow as they have to pay the tax upfront. Thus, a special scheme known as a warehousing scheme is introduced to alleviate the cash flow problem. ~~Under this scheme, GST is suspended on all goods imported and deposited into a warehouse."~~ *This scheme allows:-* *(a) tax chargeable on the imported goods to be suspended when the imported goods are deposited in the warehouse;* *(b) supplies of goods made between the warehouses to be disregarded; and* *(c) supplies of goods made within the warehouses to be disregarded except for the last supplies of goods which are removed before the duty point.* **279** "~~280~~. Under warehousing scheme, if there is more than one supply (for imported goods) within a warehouse, then only the last supply is subject to GST. The last supply is subject to GST because it is treated as taking place at the duty point. The value of such supply shall be treated as including any duties (whether customs duty or excise duty or both, if any). The GST on the supply shall be payable at the duty point together with the duties, if any. ~~The intermediate supplies of goods within the warehouse shall be disregarded for GST purposes.~~ However, supply of goods and services consumed in the warehouse are subject to GST. For further details, please refer to the GST Guide on Warehousing Scheme."
10	**Corporate Social Responsibility**	Para 301-304 of the General Guide (as at 23 December 2015) relating to GST treatment on Community Project were **deleted**.

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11	**Amount of Tax Due and Payable to the Director General**	**Para 310** [Para 315 of the General Guide (as at 23 December 2015)] were revised as follows: **<u>"Amount of Tax Due and Payable to the Director General</u>** **310**. "~~315~~ Amount of tax *and penalty under subsection 41(8) if any, and due and payable from the taxable person* from this assessment must be paid in full to avoid any punitive action. If the taxable person disagrees with the assessment, he has the right to appeal to the Director General on the assessment made."

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