

TECHNICAL

Direct Taxation

PUBLIC RULING NO.1/2017 AND NO.2/2017 ON INCOME TAX TREATMENT OF GOODS AND SERVICES TAX

The Inland Revenue Board of Malaysia (LHDNM) has uploaded on 8 June 2017 the Public Rulings [No.1/2017](#) and [No.2/2017](#) on Income Tax Treatment of Goods and Services Tax (GST) (dated 08 June 2017), on its website .

1) [Public Ruling No.1/2017 on Income Tax Treatment of GST Part I - Expenses](#)

The Public Ruling (PR) provides guidance on the tax treatment accorded to a person in respect of GST paid or to be paid as-

- (a) input tax on the purchase or acquisition of goods and services other than capital assets by a person if he is registered or liable to be registered under the Goods and Services Tax Act 2014 (GSTA); and
- (b) output tax on the sale of goods and services which is borne by a person if he is registered or liable to be registered under the GSTA.

2) [Public Ruling No.2/2017 on Income Tax Treatment of GST Part II - Qualifying Expenditure for Purposes of Claiming Allowances](#)

The objective of this PR is to explain –

- (a) whether the qualifying expenditure (QE) incurred by a person, on the purchase or acquisition of capital assets for the purpose of claiming allowances includes the GST paid or to be paid;
- (b) the income tax adjustment made to the QE of a capital asset if the asset is subject to GST adjustments under the Goods and Services Tax Act 2014 (GSTA);
- (c) the income tax adjustment made to the QE of a capital asset if the asset that is subject to GST adjustments is disposed of; and
- (d) the income tax adjustment made to the QE of a capital asset that is subject to GST adjustments where the asset is transferred between related parties.

Members may read the PRs in full at the websites of the [Institute](#) and the [LHDNM](#).

You may write to the Institute at technical@ctim.org.my or secretariat@ctim.org.my in respect of any suggestions, concern or comments you may have on the PR [No.1/2017](#) and [No.2/2017](#) so that we may raise them to the LHDNM.

Disclaimer

This document is meant for the members of the Chartered Tax Institute of Malaysia (CTIM) only. CTIM has taken all reasonable care in the preparation and compilation of the information contained in this E-CTIM. CTIM herein expressly disclaims all and any liability or responsibility to any person(s) for any errors or omissions in reliance whether wholly or partially, upon the whole or any part of this E-CTIM.