
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.

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