

Indirect Taxation

Current Developments in Goods and Services Tax (GST) Implementation

The legal firm, Messrs. Lee Hishammuddin Allen & Gledhill (LH-AG) has kindly consented to share its recent publication “Special Issue on GST” with the Institute. A brief introduction of each article in the publication are as follows:

[Cultivating Good GST Compliance Culture via CBOS 3.0*](#)

94% of the GST registrants are small and medium-sized enterprises (SME). GST compliant cost is a challenge to many of them. Many small businesses have a poor record-keeping culture which is compounded further by businesses that are ignorant of deadlines. To address the issues faced by taxpayers, especially the SMEs, the RMCD launched the Customs Blue Ocean Strategy (CBOS) Operation 3.0. The emphasis is on “informed compliance” instead of “enforced compliance”. This article indicates the areas of risk detected in the CBOS Operation, the aspects of compliance requirement under the GST Act 2014 and the sanctions that the RMCD may impose in such circumstances.

**Note : This article was first published in CTIM's Tax Guardian (Vol 10/No.2/2017/Q2)*

[Similar Means, Different Goals to Achieve Same End: Customs Valuation and Transfer Pricing](#)

While the valuation and pricing methodologies used by the RMCD and IRB for customs valuation and transfer pricing respectively are similar, the goals are different to achieve the same end in the form of higher revenue collection. Such paradoxical misalignment are largely unregulated. This article discusses the issue and explains the Australian remedy model. The Australian Taxation Office (ATO) has published a Practice Statement LA 2016/1 to assist GST taxpayers in obtaining refunds of Customs duties upon the making of transfer pricing adjustments on the purchase of goods from related parties.

[Sales Tax Refund](#)

The special sales tax refund under Section 190 and 191 of the GSTA was introduced to address the instance of double taxation arising from the 6% GST and 10% sales tax embedded in the price of goods still held as of 1 April 2015. The author briefly elaborates on the conditions for refund, rejection of sales tax refund applications and remedies that are available to taxpayers.

[Real Estate Transactions – GST Inclusive or Exclusive](#)

This article discusses the issue of who is liable to pay the GST in a real estate transaction and whether the price stated is “inclusive” or “exclusive” of GST, particularly in a contract entered into in the pre-GST era. The author draws references from two cases decided in Singapore and Australia on similar issues. This is useful for readers who face similar problems.

Recovery of Expenses: Disbursement vs Reimbursement

Commercial contracts are often silent on how the recovery of expenses should be treated for the purposes of GST. Whether a recovery is a disbursement or a reimbursement depends on whether the expense is incurred by the GST registrant as a principal or as an agent. The GST treatment for both are different. Confusion in the distinction between the two will lead to the filing of incorrect GST returns and consequently costly penalties and the liability to the GST registrant for any shortfall of GST not collected.

This article first explains the underlying principle of GST treatment for the recovery of expenses and the relevant provisions under the law. It goes on to explain the approach taken by the RMCD on this matter and the practical issues arising. The author then compares the practices adopted by the revenue authorities in Singapore and the United Kingdom (UK) and discusses some of the UK cases on this matter.

Deduction of Input Tax

This article concerns issues faced by property developers in claiming input tax credit. One of the key features of the GST system is the input tax recovery mechanism, which allows recovery of GST incurred for taxable supplies made in the course or furtherance of business. The mechanism removes the cascading effect of GST. The author explains the input tax recovery mechanism as provided under the law and the practices adopted by the RMCD. She further discusses the input tax credit entitlement for direct costs and overheads, drawing references from some cases from the European Court of Justice.

Members may view the articles at the website of the [Institute](#)

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