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**TECHNICAL**

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**Indirect Taxation**

**Customs-Private Sector Consultative Panel (CPSCP) Meeting No.2/2013**

Representatives from the Technical Committee-Indirect Tax (TC-IT) of the Institute attended the *Customs-Private Sector Consultative Panel (CPSCP) Meeting No.2-2013* held on 29 November 2013. The Royal Malaysian Customs (RMC) briefed the Meeting on the updates on Goods and Services Tax (GST), including GST agent licensing.

The RMC provided the updates as follows:

**1. Criteria for certification of Goods and Services Tax (GST) agent**

The Customs has indicated that the criteria for certifying an individual as a GST tax agent are as follows:

The individual must be a Malaysian resident who -

- Has relevant academic qualifications and working experience;
- Has attended GST training courses conducted by RMC or jointly conducted with RMC, and passed the examination;
- Has passed the interview.

**2. Legal Framework**

- The Goods and Services Bill 2009 will be substantially amended.
- There will be 3 GST Regulations, i.e. one each on general regulation, advance ruling, and GST Tribunal.
- There will be 9 GST Orders regulating the GST rates, registration threshold, zero-rated supplies, exempt supplies, taxable government services, designated area, tax agent fee, relief, free commercial zone.
- Public Rulings and GST Guides will be issued

**3. Registration**

- Foreigners may be allowed to register on condition that a local agent is appointed to take on the responsibilities of GST compliance.
- For late registration, late registration penalty will be imposed on the late registration period and late payment penalty on each taxable period; however, claim for input tax will be allowed.

**4. Accounting for GST**

- Taxable period for a business with turnover of RM5 million or more will be **one** month whereas for turnover of less than RM5 million, the taxable period will be **3 months**. However, a taxable person may apply to the Director General of Customs and Excise (DG) for any length of taxable period.
- Additional conditions for self-billed invoices – the issuance of self-billed invoices will require prior approval of the DG and the issuer must pay the supplier when he issues the self-billed invoices.
- All display prices must be GST-inclusive.

- Input tax claim on a simplified tax invoice is now increased to RM30.
- Non-taxable persons such as auctioneers, agents and recipients under Approved Toll Manufacturer Scheme are required to keep records.

#### 5. Special Cases

- Persons selling goods belonging to a taxable person should account for the GST.
- For transfer of a going concern, the **transferee** will be deemed to be continuing the operations of the transferor.
- To be eligible for flat rate scheme, the invoice can only be issued to a registered person.

#### 6. Amendment to First Schedule of GST Bill

- For a transaction involving land, the chargeability of GST is based on usage of land instead of land title.
- The following will be considered as non-supplies: certain transactions relating to Islamic financial services, insurance indemnity payments, diplomatic and consular services.

#### 7. Others

- **Advance Ruling** – The DG shall have the power to withdraw the ruling. However, the existing arrangement for which the advance ruling has been given previously will continue to apply until it lapses.
- **Non-renewable contracts** – amended to 2 years from the date of GST implementation.
- **Gaming** – the receipts less other taxes and duties and prize paid out will be deemed as GST inclusive.
- **Leasing services** – Imported services relating to leasing from outside Malaysia or designated area will not apply. Instead, the leased goods will be declared at the point of importation and taxed accordingly.
- **Tourist refund** – no refund for cigarette and liquor.
- **Special refund** – For those enjoying the claw back under sales tax, special refund for goods on hand at the time of GST registration at 20% is available. For a refund of RM10,000 or more, an approved company auditor's certificate is required, whilst for a refund of less than RM10,000 a chartered accountant's certificate is required.

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