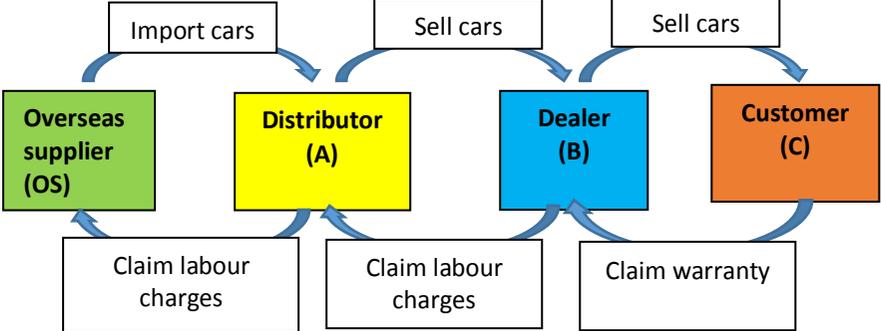


DECISION BY DIRECTOR GENERAL, ROYAL MALAYSIAN CUSTOMS

NO	ISSUES	DECISION
1.	<p>Document for claiming Special Refund</p> <p>Whether local car manufacturers can use CJP1 form to claim special refund for cars held on hand on 31/3/2015 for which sales tax and excise duty have been paid but yet to be sold to distributor.</p> <p>CJP1 form is the form used for the payment of sales tax prior to GST implementation.</p>	<p>CJP1 form can be used as a valid document for local car manufacturer to claim special refund equal to the amount of sales tax that has been paid on the cars held on hand on 31.3.15 provided that:</p> <p>(a) The claimant has fulfilled the requirements under S190 of GSTA; and</p> <p>(b) the CJP1 form contains list of chassis and engine number of the cars.</p>
2.	<p>Claiming Special Refund in respect of imported CBU cars held on hand on 31.3.15</p> <p>Who can claim special refund of full amount of sales tax paid in respect of imported CBU cars held on hand on 31.3.15?</p>	<p>Any person who wants to claim 100% special refund of sales tax paid on imported CBU cars held on hand on 31/3/2015 must:</p> <p>(a) have an import document in his name whether as importer, consignee or owner of the car for which sales tax has been paid (paragraph 190(1)(d) GSTA); and</p> <p>(b) fulfil other conditions and requirements specified in section 190 and 191 of GSTA.</p>
3.	<p>Special Refund on stock of raw materials or components held on hand on 31.3.15.</p> <p>Whether stock of raw materials or components to be used for making a taxable supply held on hand on 31.3.15 for which sales tax has been paid before 1.04.15 are eligible for a special</p>	<p>The stock of raw materials or components to be used for making a taxable supply held on hand on 31.3.15 for which sales tax has been paid before 1.04.15 are eligible for the special refund claim with conditions that such stock of raw materials or components –</p>

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	refund claim?	<ul style="list-style-type: none"> (a) have not been used partially or incorporated into other goods; (b) must be used only for business purposes; and (c) fulfil other requirements set-forth in section 190 GSTA.
4.	<p>Cost recovery under warranty.</p> <p>Whether a payment made by an overseas manufacturer/supplier for a warranty claim on provision of services paid by a distributor to a dealer who provide replacement of spare parts/car servicing under warranty at no charge to a customer is subject to GST?</p> <p>Example:</p> <ol style="list-style-type: none"> 1. A distributor bought cars (under warranty) from overseas supplier and import into Malaysia to be sold to a dealer. 2. The dealer sold the car to customer with warranty. 3. The customer later claimed warranty on spare parts / car servicing at no charge from the dealer as it is still under warranty. 4. The dealer issued warranty claim for labour charges to the distributor. 5. The distributor made payment to the dealer on the labour charges. 6. The distributor then issue warranty claim to overseas supplier for the payment made to the dealer. 	<ol style="list-style-type: none"> (1) Section 188(3) GSTA provides that no tax shall be charged on a supply made under a warranty that relates to goods or services whether expressed, implied or required by law and the value of the warranty is included in the price of the goods or services. (2) Therefore, no tax shall be charged on the supply of spare parts / car servicing under warranty by the dealer to the customer if the value of the warranty is included in the price of the goods or services. (3) The cost recovery for the labour charges claimed by – <ul style="list-style-type: none"> (a) the dealer from the distributor; and (b) the distributor from the overseas supplier; is a reimbursement which subject to GST at a standard rate.

NO	ISSUES	DECISION
	 <pre> graph TD OS[Overseas supplier (OS)] -- Import cars --> A[Distributor (A)] A -- Sell cars --> B[Dealer (B)] B -- Sell cars --> C[Customer (C)] A -- Claim labour charges --> OS B -- Claim labour charges --> A C -- Claim warranty --> B </pre>	
<p>5.</p>	<p>A gift of goods worth more than RM500</p> <p>Whether a registered person is allowed not to account for tax on gift worth more than RM500 when the input tax on such goods is not claimed.</p>	<p>(1) A gift of goods made in the course or furtherance of business to the same person in the same year where the total cost to the donor is more than five hundred ringgit, is a supply (refer subparagraph 5(2) First Schedule of GSTA).</p> <p>(2) Whether or not a registered person claims the input tax on the goods, the registered person still has to account for GST if the gift of goods is worth more than RM500.</p>

NO	ISSUES	DECISION												
6.	<p>Disbursement and reimbursement</p> <p>What is the GST treatment for disbursement and reimbursement</p>	<p>(1) Recovery of expenses may be treated as disbursement or reimbursement and this will depend on whether the expenses are incurred by a principal or an agent acting on behalf of a client.</p> <p>(2) GST treatment on disbursement and reimbursement are as follows –</p> <table border="1" data-bbox="1285 596 2119 845"> <thead> <tr> <th data-bbox="1285 596 1700 667">Disbursement</th> <th data-bbox="1700 596 2119 667">Reimbursement</th> </tr> </thead> <tbody> <tr> <td data-bbox="1285 667 1700 737">Not a supply</td> <td data-bbox="1700 667 2119 737">Is a supply</td> </tr> <tr> <td data-bbox="1285 737 1700 845">Not entitled for input tax claim</td> <td data-bbox="1700 737 2119 845">Entitled for input tax claim</td> </tr> </tbody> </table> <p>(3) In general, the criteria for disbursement and reimbursement for GST purposes are as follows –</p> <table border="1" data-bbox="1285 954 2119 1347"> <thead> <tr> <th data-bbox="1285 954 1700 1024">Disbursement</th> <th data-bbox="1700 954 2119 1024">Reimbursement</th> </tr> </thead> <tbody> <tr> <td data-bbox="1285 1024 1700 1168">Incur expenses as an agent acting on behalf of the client.</td> <td data-bbox="1700 1024 2119 1168">Incur expenses as a principal.</td> </tr> <tr> <td data-bbox="1285 1168 1700 1347">The client is the recipient of the supply (invoice is in the client's name)</td> <td data-bbox="1700 1168 2119 1347">The client is not the recipient of the supply (invoice is in the principal's name).</td> </tr> </tbody> </table>	Disbursement	Reimbursement	Not a supply	Is a supply	Not entitled for input tax claim	Entitled for input tax claim	Disbursement	Reimbursement	Incur expenses as an agent acting on behalf of the client.	Incur expenses as a principal.	The client is the recipient of the supply (invoice is in the client's name)	The client is not the recipient of the supply (invoice is in the principal's name).
Disbursement	Reimbursement													
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Disbursement	Reimbursement													
Incur expenses as an agent acting on behalf of the client.	Incur expenses as a principal.													
The client is the recipient of the supply (invoice is in the client's name)	The client is not the recipient of the supply (invoice is in the principal's name).													

NO	ISSUES	DECISION	
		The client is the person responsible to pay for the supply	The principal is the person responsible to pay for the supply.
		The payment is authorised by the client.	The payment is not authorised by the client.
		The client knew that the supply is made by a third party.	The client has no knowledge that the supply is made by a third party.
		The exact amount is claimed from the client and the agent has no right to alter or add on the value of the supply.	The principal has the right to alter or add on the value of the supply.
		The payment is clearly an additional to the supply made to the client.	The payment is for the supply made to the client.

NO	ISSUES	DECISION
7.	<p>Transport Services.</p> <p>Who can be considered as making a supply of transportation services under item 4, Second Schedule of GST (Zero-Rated Supply) Order 2014?</p>	<p>The transport service provider under item 4, Second Schedule of GST (Zero-Rated Supply) Order 2014 refers to a carrier such as airline or shipping line and includes –</p> <ul style="list-style-type: none"> (a) in relation to passenger, a travel agent or ticketing agent who sell the international travelling ticket acting in his own name. (b) in relation to goods, the following – <ul style="list-style-type: none"> (i) shipping agent acting in his own name. (ii) freight forwarder who contracts with a carrier to move the goods. (iii) Non-Vessel Operating Common Carrier (NVOCC). (iv) courier service provider.