



ROYAL MALAYSIAN CUSTOMS

GOODS AND SERVICES TAX

GUIDE ON TAX INVOICE AND RECORDS KEEPING

Publication

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This information is intended to provide a general understanding of the relevant treatment under Goods and Services Tax and aims to provide a better general understanding of taxpayers' tax obligations. It is not intended to comprehensively address all possible tax issues that may arise. While RMCD has taken the initiative to ensure that all information contained in this Guide is correct, the RMCD will not be responsible for any mistakes and inaccuracies that may be contained, or any financial loss or other incurred by individuals using the information from this Guide. All information is current at the time of preparation and is subject to change when necessary.

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INTRODUCTION

1. This specific guide is prepared to assist businesses in understanding matters with regard to GST treatment on tax invoice and record keeping.

Overview of Goods and Services Tax (GST)

2. Goods and Services Tax (GST) is a multi-stage tax on domestic consumption. GST is charged on all taxable supplies of goods and services in Malaysia except those specifically exempted. GST is also charged on importation of goods and services into Malaysia.

3. Payment of tax is made in stages by the intermediaries in the production and distribution process. Although the tax would be paid throughout the production and distribution chain, only the value added at each stage is taxed thus avoiding double taxation.

4. In Malaysia, a person who is registered under the Goods and Services Tax Act 2014 (GSTA) is known as a “registered person”. A registered person is required to charge GST (output tax) on his taxable supply of goods and services made to his customers. He is allowed to claim back any GST incurred on his purchases (input tax) which are inputs to his business. Therefore, the tax itself is not a cost to the intermediaries and does not appear as an expense item in their financial statements.

OVERVIEW OF TAX INVOICE

5. The most important document in the GST system is the tax invoice. This document is generally issued by the supplier notifying the purchaser of the obligation to make payment in respect of any transaction. It contains certain information such as details of registered person and supply, GST rate and the amount of GST payable as stipulated under the GST law. A tax invoice is an essential evidence to:

- (a) support a registered person’s claim for the deduction of GST (input tax) incurred on his standard rated purchases;

- (b) trigger the time of supply as the invoice date will determine when GST is to be accounted for by a registered person on the supply of goods and services (accounting on invoice basis);

Example 1:

A furniture manufacturer (GST registered person on a monthly taxable period) supplies furniture to a retailer on 15 June 2015. The manufacturer issues an invoice on 20 June 2015 and payment is received on 3 July 2015. 20 June 2015, which is the date of the tax invoice, is the time of supply and the registered person has to account for GST to the tax authority during his taxable period of June even though payment is received on 3 July 2015.

- (c) determine which supplies made by him should be included in a particular taxable period;

Example 1:

Based on example in subparagraph (b) above, the due date to file his return for the supply of furniture should not be later than the last day of July 2015 i.e. based on the date of the invoice since the taxable period of the manufacturer is June 2015.

- (d) determine when he may claim his input tax based on the tax invoice received from his supplier;

Example 2:

The retailer, being registered for GST can claim his input tax or GST charged on the purchase of furniture for use in his taxable activity. Input tax can be claimed by the retailer as long as he has a tax invoice from his supplier even though he has not paid for the supply.

Issuance of Tax Invoice

6. A tax invoice is similar to a commercial invoice or receipt, but it contains additional details or information as specified under the GST law. Generally, every registered person who makes taxable supply of goods and services is required to issue a tax invoice.

7. Section 33 GSTA provides that every registered person who makes any taxable supply of goods or services in the course or furtherance of any business in Malaysia shall issue a tax invoice containing the prescribed particulars. Failure to issue a tax invoice is an offence.

8. In the case where the supply is a taxable supply irrespective of whether the tax is charged or not, (for example disregarded supply or supply given relief), a tax invoice must be issued and the GST element to be indicated as 'NIL' and specified as 'disregarded' or 'relief'.

9. In the case where it is an out of scope supply such as supplies made by the Government, regulatory and enforcement services by regulators, a tax invoice shall not be issued.

10. In the case where the supply is an exempt supply, no tax invoice is to be issued. However, if the transaction involves both exempt and taxable supply, the registered person must issue a tax invoice and specify each type of the supply.

11. If the tax invoice is issued within twenty one (21) days from the time mentioned in subsection 11(2) of the GSTA for a supply of goods and subsection 11(3) of the GSTA for a supply of services, then the time of supply is treated as taking place at the time the invoice is issued. The supplier must keep a copy of the tax invoice and the original tax invoice should be retained by the recipient. Only GST registered person can issue a tax invoice either in electronic or printed form.

12. However, if the tax invoice is issued exceeding 21 days from the time mentioned in subsection 11(2) of the GSTA for a supply of goods and subsection 11(3) of the GSTA for a supply of services, then the time of supply is treated as taking place in accordance with the time in subsections 11(2) or 11(3) of the GSTA.

13. Prior to 1 April 2015, no invoice with indication of GST can be issued. However, businesses are allowed to issue tax invoices with the words 'GST NIL' to their customer one (1) week before 1 April 2015 on a trial basis and must indicate that it is for trial only.

14. As a registered person you need to have a tax invoice to claim input tax credit. Without a proper tax invoice, a GST registered person and his customers who are also registered persons, cannot claim GST incurred on their purchases of taxable goods or services. In addition, foreign purchasers (tourist) require tax invoice to claim GST refund on their purchases of taxable goods.

15. However, under certain circumstances (disallowed input tax) you may not be entitled to claim input tax even though you have a tax invoice from the supplier.

16. For the supply made on or after 1 April 2015, the supplier has to account for output tax even though invoice is issued or payment is received before 1 April 2015. The payment received and invoice issued is taken to have been received or issued on 1 April 2015.

17. The value on the payment received or invoice issued shall be deemed to be inclusive of GST.

18. After 1 April 2015, a GST registered person can claim input tax based on the invoice issued before 1 April 2015 as long as GST ID number of the supplier is stated on the invoice.

19. The existing stock of invoices which were pre-printed before 1 April 2015 and which were not GST compliant can be used by a supplier who is a registered person until 30th September 2015 or while stock last whichever is the earlier subject to the following conditions –

- (a) the invoices and copies of such invoices must be stamped with the word 'tax invoice' (for full tax invoice), 'GST registration number' and 'rate of tax';
- (b) the invoices and copies of such invoices must contain all particulars prescribed in the regulation 22 of GSTR (GST Regulations 2014);
- (c) the copies of such invoices must be kept and preserved for a period of seven years; and

- (d) beginning 1st October 2015, the registered person excluding 'retailers' must use a computer generated invoice or pre-printed invoice which is GST compliant.
20. In the case of 'retailers', they must use a GST compliant point of sale (POS) system or a GST compliant cash register to issue GST tax invoices beginning 1st October 2015.
21. The 'retailers' in this item refers to the following categories of businesses –
- (a) Hardware shop.
 - (b) Restaurant including coffee shop.
 - (c) Mini market, grocery and sundry shop.
 - (d) Book store.
 - (e) Pharmacy.
 - (f) Places of entertainment.
22. A GST registered person is not allowed to issue any handwritten tax invoices.

Period for Issuing Tax Invoice

23. Every registered person who makes any taxable supply of goods or services in the course or furtherance of any business in Malaysia shall issue a tax invoice to his buyer within 30 days from the date of supply or the date of payment made on such supply (in full or in part). This 30 days period does not change the 21 days rule provided under section 11 GSTA.

Non Issuance of Tax Invoice

24. A tax invoice is not required to be issued when a registered person makes the following supply:
- (a) a zero-rated supply;
 - (b) a supply without consideration on which tax is charged (deemed supply);

Example 3:

A supply of gift worth more than RM500.00 to a client in the course of business or business assets put to private use by the supplier.

25. However, a tax invoice in respect of zero-rated and deemed supplies must be issued for the purpose of claiming input tax when the customer who is a registered person requested for it. If a tax invoice is issued for zero-rated supply, the supplier must indicate that GST is charged at zero percent (0%).
26. Tax invoice shall not be issued for:
- (a) any supply of second-hand goods under the margin scheme;
 - (b) any supply of imported services; and
 - (c) any supply of treated or processed goods which is deemed to have been supplied by the recipient under approved toll manufacturer scheme;
27. No invoice showing an amount which purports to be a tax shall be issued –
- (a) on any supply of goods or services which is not a taxable supply;
 - (b) on any zero-rated supply; or
 - (c) by a non-registered person.

TYPES OF TAX INVOICE

28. The issuing of tax invoice can be classified as follows:-
- (a) Tax invoice
 - (i) Full tax invoice
 - (ii) Simplified tax invoice
 - (b) Deemed tax invoice
 - (i) Self-billed invoice
 - (ii) Invoice or statement of sales by auctioneer

Full Tax Invoice

29. A full tax invoice should contain the following information:

- (a) the word 'tax invoice' in a prominent place;
- (b) the tax invoice serial number;
- (c) the date of issuance of the tax invoice;
- (d) the name, address and identification number of the supplier;
- (e) the name and address of the person to whom the goods or services are supplied;
- (f) a description sufficient to identify the goods or services supplied;
- (g) for each description, distinguish the type of supply for zero rate, standard rate and exempt, the quantity of the goods or the extent of the services supplied and the amount payable, excluding tax;
- (h) any discount offered;
- (i) the total amount payable excluding tax, the rate of tax and the total tax chargeable to be shown separately;
- (j) the total amount payable inclusive of the total tax chargeable; and
- (k) any amount referred to in subparagraphs (i) and (j), expressed in a currency other than Ringgit, shall also be expressed in Ringgit in accordance with paragraph 5 of the Third Schedule of the *GST Act 2014*.

Example of a full tax invoice is shown in **Figure 1** below.

Figure-1 : Example of Full Tax Invoice (Wholly Taxable Supply)

KILANG KASUT SEDAP PAKAI SDN.BHD. Lot 123, Jalan Pengkalan, 31500 Lahat, Perak (GST ID No : 100001/2015) Tel : 05-3349876		Supplier's name, address and GST identification Invoice No: 0001111 Date : 25 June 2015 D/O No : S000345		Tax Invoice serial
Customer's name & address To : Syarikat Kasut Ali Sdn. Bhd. No. 27, Jalan Maju Jaya, 31400 Ipoh, Perak		TAX INVOICE The words "Tax Invoice" clearly		Date of Tax
Serial No.	Description	Quantity	Unit Price (RM)	Total (RM)
1.	School Shoes SS1201	200	8.00	1,600.00
2.	School Shoes SS1210	200	10.00	2,000.00
3.	Sport Shoes SP2315	50	25.00	1,250.00
				4,850.00
Total amount payable, excluding GST				(485.00)
				4,365.00
Add GST @ 6%				261.90
Total Sales				4,626.90
Total amount of GST				
Total amount payable, inclusive of GST				
..... KILANG KASUT SEDAP PAKAI SDN.BHD.				

Quantity of goods or extent of the services supplied

Rate of GST

Tax Invoice for Mixed Supplies

30. A tax invoice may contain details of more than one supply (taxable supply and exempt supply). For example, invoice issued by an insurance company for supply of medical insurance, fire insurance, motor vehicle insurance (standard rate) and life insurance (exempt) to the same buyer. When this occurs, the tax invoice (full or simplified tax invoice) must clearly distinguish between the various supplies and indicate separately the applicable values and the tax charged (if any) on each supply for GST purpose. Registered person may use any preferred indicators to distinguish the various supplies.

31. However, to avoid confusion, when a registered mixed supplier makes an exempt supply, he is not allowed to issue a tax invoice for that supply.

Examples of a full tax invoice for the mixed supplies are as follows:

Figure 2: : Example of Full Tax Invoice
(Mixed Supplies – Standard Rated and Exempt)

Supplier's name, address and GST identification number

PRU DEN INSURANCE SDN. BHD.
Lot 123, Jalan Meru, 43210 Klang, Selangor
Tel: 03-33498765
(GST Reg No : 100004/2015)

Tax Invoice serial number

Invoice No : 0001114

Date : 25 June 2015

TAX INVOICE

The words "Tax Invoice" clearly

Date of tax invoice

Customer's name & address

SYARIKAT AL AMIN SDN. BHD.
No. 27, Jalan Kapar, 43210 Klang, Selangor
(GST Reg No : 100004/2015)

Indicator for exempt	Description	Total (RM)
	1. **Premium for life insurance (CEO)	200.00
Indicator for standard rated supply	*Premium for medical insurance (10 workers@ RM70 per person)	700.00
	*Premium for fire insurance (1 office building)	2,000
	4. *Premium for motor vehicles insurance (3 company cars @ RM1,000 per unit)	3,000
Description of services supplied	Total (excluding GST)	5,900.00
	GST payable @ 6%	342.00
	Total Amount Payable	6,242.00

Total amount payable, excluding

Total amount of GST

GST Summary	Item	Amount (RM)	GST (RM)
*6%	3	5,700.00	342.00
**Exempt	1	200.00	Nil

Total amount payable, including GST

PRU DEN INSURANCE SDN. BHD.

Figure 3: : Example of Full Tax Invoice
(Mixed Supplies – Standard Rated and Zero Rated)

DORY MART SDN. BHD. Lot 123, Jalan Raja, 98000 Miri Sarawak Tel : 085-650000 (GST Reg No : 100004/2015)		Tax Invoice No: T01114 Date: 7 November, 2015		
TAX INVOICE		Tax Invoice serial number		
BIG CAFE SDN. BHD. Lot 123, Jalan Pujut, 98000 Miri, Sarawak Tel : 085-659090		Date of Tax		
No.	Descript	Qty	Price per unit	Total (RM)
1.	*Julie's Lemon Crackers A1101	10	10.00	100.00
2.	*Yogurt (Unit) A1102	10	5.00	50.00
3.	*Mineral Water A1103	50	1.00	50.00
4.	**Flour B0123	30	2.00	60.00
5.	**Sugar B0234	10	2.30	23.00
6.	**Salt B098	10	0.70	7.00
Total (excluding GST)				290.00
*GST payable @ 6%				12.00
Total Amount Payable				302.00
GST summary * 6% ** 0%		Amount(RM) 200.00 90.00	Tax(RM) 12.00 0.00	
DORY MART SDN. BHD.				

Supplier's name, address and GST identification

The words "Tax Invoice" clearly indicated

Customer's name & address

Indicator for standard rated

Indicator for zero rated

Description of goods supplied

Total amount payable excluding GST

Rate of GST

Total amount of GST

Total amount payable inclusive of GST

Figure 4: : Example of Full Tax Invoice
(Mixed Supplies – Standard Rated and Zero Rated with Discounts)

EXTRA MART SDN. BHD. Lot 123, Jalan Duta, 50568 Kuala Lumpur Tel: 03-6209 9000 (GST Reg No : 100004/2015)		Supplier's name, address and GST identification		Invoice No: T01114 Date: 1 June 2015	
TAX INVOICE		Date of Tax Invoice		Tax Invoice serial number	
SUPREMO CAKE SDN. BHD. No 69, Jalan Tun Razak, 50694 Kuala Lumpur Tel: 03-4026 9999		The words "Tax Invoice" clearly indicated			
Customer's name & address					
Description of goods supplied					
Indicator for standard					
Indicator for zero rated					
		QTY	RM	RM	
ZT Flour 1kg Disc.		000181	50 1.90	95.00	
ST Creamy Butter 500gm Disc.		000111	20 7.90	158.00	
ST Philadelphia Cheese 290gm Disc.		000119	17 12.90	219.30	
ZT Sago Flour 1kg		000221	31 2.85	88.35	
ZT Coarse Sugar 1kg		000212	25 2.30	57.50	
ST Instant Red Yeast		000129	18 4.30	77.40	
ST Pandan Paste 30ml		000321	19 5.10	96.90	
ST Vanilla Paste 30ml		000921	19 5.10	96.90	
Item Count		199			
Total Sales (Excluding GST)				841.35	
GST payable @ 6% on RM610.00				36.60	
Total Sales (Inclusive of GST)				877.95	
CASH Coupon				100.00	
CASH Change				22.80	
GST Summary		Amount(RM)		Tax(RM)	
ST @ 6%		610.00		36.60	
ZT @ 0%		231.35		0.00	
				EXTRA MART SDN. BHD.	

Total amount payable excluding GST

Total amount of GST charged

Total amount payable inclusive of GST

Rate of GST

Figure 5: Example of Full Tax Invoice

(Mixed Supplies – Standard Rated and Zero Rated with Discounts)

Supplier's name, address and GST identification
KOWAYS (M) SDN. BHD.
No.69, Jalan Raja, 20200 Kuala Terengganu
Terengganu
Tel: 09 - 6228 9000 Faks: 09 – 6228 8000
(GST Reg No: 100004/2015)

Customer's name & address
AIMS STOCKIST SDN. BHD.
No 19, Jalan Tun Husin, 20200 Kuala Terengganu
Terengganu
Tel: 09 - 6229 7777

Invoice No: T090909
Date: 18 November 2015

TAX INVOICE

N	Description	Qty	Unit Price (RM)	Sub – Total (RM)	Disc. (RM)	Total Excl. GST (RM)	GST @ 6% (RM)	Total Incl. GST (RM)
1.	T0 Organic Rice 5kg Disc. @ 10%	30	18.90	567.00	-56.70	510.30	0.00	510.30
2.	T0 Palm Cooking Oil 750ml Disc. @ 10%	10	21.90	219.00	-21.90	197.10	0.00	197.10
3.	T6 Farm Green Tea 10bags	25	15.90	397.50	Nil	397.50	23.85	421.35
4.	T6 Eco Softener 500ml Disc. @ 5%	10	19.90	199.00	-9.95	189.05	11.34	200.39
5.	T6 Eco Fabric Wash 500ml Disc. @ 5%	15	25.00	375.00	-18.75	356.25	21.38	377.63
6.	T6 Eco Ironing Aid 300ml	20	10.50	210.00	Nil	210.00	12.60	222.60
TOTAL AMOUNT DUE						1,860.20	69.17	1,929.37
						ROUNDING ADJ.		-0.02
						TOTAL PAYABLE INCL. GST		1,929.35
						CASH VOUCHER		50.00
						CASH CHANGE		1,900.00
								20.65

Indicator for zero rated supply

Indicator for standard rated supply

Total amount of GST charged

Total amount payable excluding

Total amount payable inclusive of GST

.....
KOWAYS (M) SDN. BHD.

T6 : ST 6%
T0 : GST 0%

Simplified Tax Invoice

32. There are instances where the Director General may, upon request in writing allow registered persons to issue simplified tax invoice to their customers in accordance with section 33(3) of the GSTA. Issuance of this invoice normally involves retailers who generate large volume of invoices such as hypermarkets, mini markets, restaurants, beauty salons, petrol kiosks, motor workshops and other point of sales outlets.

33. A simplified tax invoice can be issued regardless of any sales amount and can take the form of an invoice, receipt, voucher or any other similar document provided it contains the particulars approved by the Director General.

34. For instance, a registered person applies to the Director General to allow him to omit from the full tax invoice the following prescribed particulars:

- (a) the words "Tax Invoice"
- (b) the name and address of the recipient; and
- (c) the price and tax for each item to be shown separately.

35. The particulars in the simplified tax invoice that cannot be omitted are as follows:

- (a) the name, address and identification number of the supplier;
- (b) the date of issuance of the tax invoice;
- (c) the tax invoice serial number;
- (d) a description sufficient to identify the goods or services supplied;
- (e) for each description, distinguish the type of supply for zero rate, standard rate and exempt, the quantity of the goods or the extent of the services supplied and the amount payable, including tax;
- (f) the total amount payable inclusive of total tax chargeable; and
- (g) the rate of tax and the amount of tax chargeable.

36. A registered person who makes a supply to end consumer (not businesses), intends to exclude the following particulars pursuant to section 33(3)(a) of the GST Act 2014, may do so without making an application to the Director General :

- (a) the word '*tax invoice*' (regulation 22(a) GSTR);
- (b) name and address of the recipient (regulation 22(e) GSTR)
- (c) the total amount payable exclusive of tax.

Examples of a simplified tax invoice are shown in **Figure 6, 7 and 8** below.

Figure 6: Example of Simplified Tax Invoice (Wholly Taxable Supply)

Supplier's name, address and GST identification number

COMFORT PARKING SDN. BHD.
GF1-03, Kompleks Beli-Belah,
Jalan Kenangan, 41100 Klang,
Selangor.
(GST ID No: 003456/2014)
Tel : 03-33498765

Inv No: A00295
Date: 25.6.2015

Date of tax invoice

Tax invoice serial

Description of goods or services supplied

Description	Total (RM)
Parking fee – 3 hours @ RM1 per hour	3.18
Rounding Adj.	0.02
TOTAL AMOUNT DUE	*3.20

Total amount payable inclusive of

Rate of GST

*** GST @ 6% included in total**

Total amount of GST

RM0.18

Figure 7: Example of Simplified Tax Invoice (Mixed Supplies)

AGRO SHOPPING CENTRE SDN BHD

Supplier's name, address and GST identification

DESA PINGGIRAN PUTRA, SG. MERAB
 TEL: 03 – 88960000 FAX: 03 – 88961111
 GST Reg. No:

Tax invoice serial

15:35:45

Date of Tax

Date: 30/6/2015

Invoice No: V001619

Indicator for standard rated

	Unit	Unit Price (RM)	Total (RM)	
BISCUITS PNKL [PACK] 010611	1	3.90	3.90	S
PRINGLES SC 182G [PCS] 001002	1	6.90	6.90	S
SUGAR 123235	2	1.45	2.90	Z

Item Count

Total Sales Inclusive GST @ 6%

Rounding Adjustment

Cash

Balance

4

13.70

0.00

14.00

0.30

GST summary

S = 6%

Z = 0%

Amount (RM)

10.19

2.90

Tax(RM)

0.61

0.00

Print : 30/6/2015

Salesperson : Amin

Total amount payable

Total amount of GST

**Figure 8: Example of Simplified Tax Invoice
(Mixed Supplies with Discounts)**

Supplier's name, address and GST identification ABEEDEN TRADING Jalan Taman Pasir Puteh, Putatan, 88998 Kota Kinabalu, Sabah GST ID: XXXXXXXX		Tax Invoice serial number Invoice No.: IV669988	
Date of Tax 07-04-15 Salesperson: SAREZAN			
Description of goods or services supplied	RM Lay's Sour Cream & Onion 120G 209001001072 1*7.95 ea Disc. @ 10%	RM 7.95 -0.79	Code T6
	Cornitoz Chilli Cheese 60G 209002001082 2*1.40 ea	2.80	T6
Frost Root Beer 600ML 209003001092 2*1.60 ea	3.20	T6	
Cactus Mineral Water 1500ML 209004001088 6*1.10 ea Disc. @ 5%	6.60 -0.33	T6	
Coarse Sugar 1KG 209005001099 2*2.30 ea Disc. @ 5%	4.60 -0.23	T0	
Item Count Total Sales Inclusive of GST @ 6% Rounding Adj. Total Sales (Rounded)	13 23.80 0.00 23.80	13 23.80 0.00 23.80	Total amount payable
CASH Change CASH	50.00 26.20	50.00 26.20	Rate of GST
GST Summary T6 T0	Amount (RM) 18.33 4.37	Tax (RM) 1.10 0.00	Total amount of GST charged
Total Promotional Savings	1.35	1.35	

Simplified Tax Invoice and Input Tax Claim

37. Simplified tax invoice can be used to claim input tax. In the case of an approved tax invoice without the name and address of the recipient, the allowed input tax amount claimable is RM30.00 or less. If the GST amount is more than RM30.00, he can only claim the input tax up to a limit of RM30.00 using this invoice. Therefore, he must request for a tax invoice with the name and address of the recipient to enable him to claim the full input tax if it is more than RM30.00.

38. The supplier has to retain the original invoice, invalidate it and keep record of the cancelled tax invoice when the replacement tax invoice with recipient's name and address is issued.

Example 5:

Ali, a GST registered person, purchased goods worth RM590.00 inclusive of GST RM33.40 ($6/106 \times RM590.00$) at a hypermarket and enquired whether he can use the simplified tax invoice which does not have the name and address of the recipient, issued to him to claim the full input tax.

Ali can claim input tax for the GST amount up to RM30.00 with this simplified tax invoice. If he wants to claim the full input tax amount of RM33.40, then he has to request for a tax invoice with his name and address. When this happens, Ali has to return the invoice without his name and address to the supplier.

Receipt

39. A receipt is a written (electronic or manual) acknowledgement that a specified article or sum of money has been received as an exchange for goods or services. A receipt or other document can be a tax invoice if it has all the particulars of a full tax invoice or simplified tax invoice approved by the Director General.

Self-Billed Invoice

40. Under certain circumstances, the value of supply is determined by the person who receives the goods. Therefore, for GST purposes the recipient of the goods is allowed to issue an invoice to himself which is deemed to be a tax invoice in respect of a supply of

goods or services to him by another registered person. The issuance of this self-billed invoice by the recipient to himself under subsection 33(5) of the GSTA shall be subject to the following conditions:

- (a) the value is not known by the supplier at the time of making the supply;
- (b) the recipient and the supplier are both registered persons;
- (c) the recipient and the supplier agree in writing to a self-billed invoice; and
- (d) the supplier and the recipient agree that the supplier shall not issue a tax invoice in respect of any supply;

41. Any recipient approved by the Director General to issue self-billed invoice, shall be subjected to the following conditions:

- (a) the document may, with the prior approval of the Director General, be treated as a tax invoice;
- (b) a copy of any self-billed invoice is to be provided to the supplier and a copy is to be retained by the recipient; and
- (c) in the case where the self-billed invoice is issued before the time of removal of such goods, or before the time the goods are made available, or before the time the services are performed, the self-billed invoice shall be issued with payment.

Application for Self-Billed Invoice

42. In a normal business transaction, the supplier will issue an invoice to the buyer. However, in the case of self-billed invoice the buyer will issue an invoice because the supplier is unable to determine the value of the supply. A copy of the invoice should be retained by the supplier whereas the original invoice should be retained by the recipient/buyer to claim input tax (GST paid on inputs). For example, tobacco manufacturers issue tax invoices to growers who supply tobacco leaves. Since the recipient/buyer knows the open market value of the tobacco leaves, thus they are the best able to provide the necessary information on the value of the product and will therefore issue a self-billed invoice.

43. Any registered person (recipient) who meets the requirements and conditions stipulated in section 33 GSTA and regulation 23 GSTR to use a self-billed invoice, may apply to the Director General by submitting a Self-Billed Invoice Declaration.
44. The Self-Billed Invoice Declaration form can be downloaded from the GST portal via the 'Legislation and Guide' tab.
45. The Declaration must be affirmed before a Commissioner of Oath and to be submitted to the customs office, GST Division (controlling station) together with the list of the suppliers who have agreed to a self-billed invoice. The copy of the Declaration is to be kept by the recipient as internal records.
46. Once the Declaration has been submitted to the customs office, GST Division (controlling station), the recipient may issue a self-billed invoice without any further approval from the Director General.
47. Additional Declaration must be made and submitted if there is additional supplier.
48. Your approval can be cancelled at any time if it is found that you do not meet the specified requirements for such invoices.
49. The recipient approved by the Director General to issue a self-billed invoice shall state the following particulars on the invoice:
- (a) the name, address and identification number of the supplier and the recipient;
 - (b) the word "self-billed invoice" in a prominent place;
 - (c) the invoice serial number;
 - (d) the date of invoice;
 - (e) the reference number of Director General's approval;
 - (f) a description sufficient to identify the goods or services supplied;
 - (g) for each description, distinguish the type of supply for standard rate, zero rate and exempt, the quantity of the goods or the extent of the services and the amount payable, excluding tax;

- (h) any discount offered;
- (i) the total amount payable excluding tax, the rate of tax and the total tax chargeable shown as a separate amount;
- (j) the total amount payable inclusive of total tax chargeable; and
- (k) any amount referred to in subparagraphs (i) and (j), expressed in a currency other than Ringgit, shall also be expressed in Ringgit in accordance with paragraph 5 of the Third Schedule of the Act.

Example of a self-billed invoice is shown in **Figure 9**.

Figure 9: Example of Self-Billed Invoice

KILANG TEMBAKAU SELANGOR SDN

SELF-BILLED INVOICE

The words "Self-Billed Invoice" clearly indicated

Supplier's name, address and GST identification number

Supplier
SYARIKAT DAUN TEMBAKAU SDN BHD
No. 27, Jalan Persiaran,
51100 Kota Baru, Kelantan.
(GST ID No: 100900/2015)

Approval No.:

Invoice No: 0001113

RMCD approval number

Recipient's/Customer's name, address and GST identification

Recipient
KILANG TEMBAKAU SELANGOR SDN.BHD
Lot 123, Jalan Meru, 43210 Klang, Selangor
Tel: 03-33498765
(GST ID No: 100003/2015)

Invoice serial number

Date : 25 June 2015
D/O No: S000345

Description of goods or services supplied

Serial No.	Description	Tax Rate (%)	Quantity	Unit Price (RM)	Total (RM)
1.	Daun Tembakau Gred C	6.00	200	8.00	1,600.00
2.	Daun Tembakau Gred B	6.00	200	10.00	2,000.00
3.	Daun Tembakau Gred A	6.00	50	25.00	1,250.00
Amount Excluding Tax					4,850.00
Add Total GST Amount					291.00
Total Sales					5,141.00

Rate of GST

Quantity of goods or extent of the services

Total amount payable excluding GST

Total amount of GST charged

Total amount payable inclusive of

.....
KILANG TEMBAKAU SELANGOR SDN.BHD.

Contents of Written Agreement on Self-Billing

50. A self-billed invoice can only be issued under a written agreement between the recipient/buyer and the supplier. A self-billing agreement shall contain the following information:

- (a) the recipient/buyer's name and GST identification number;
- (b) the supplier's name and GST identification number;
- (c) the buyer agrees to issue self-billed invoices for all supplies made to him/her by the supplier for a specified period which shall end not later than either the expiry date of a period of twelve (12) months, or the expiry date of the contract between the buyer and supplier;
- (d) the buyer agrees to issue self-billed invoices showing the supplier's name, address and GST identification number, and other details that make up a full tax invoice;
- (e) the buyer agrees to inform the supplier if the issuance of self-billed invoices were to be outsourced to a third party such as an accounting firm or tax agent, giving details of the third party;
- (f) the buyer agrees to make a new self-billing agreement in the event that their GST identification number changes;
- (g) the supplier agrees to accept the self-billed invoices issued by the buyer for supplies covered by the agreement;
- (h) the supplier agrees not to issue GST invoices for supplies covered by the agreement; and
- (i) the supplier and recipient shall notify each other if either one of them ceases to be registered for GST, transfers his business as a going concern or becomes registered under a new GST identification number.

Document Issued by Auctioneer

51. Supplies made by an auctioneer acting in his own name are regarded as supplies made by the principal or owner of the goods put up for auction. If the principal is a taxable person, the auctioneer whether or not he is a taxable person shall be liable to account for

output tax on any goods which have been auctioned on the principal's behalf. In this situation, the auctioneer whether he is registered or not, has to issue a billing document to the buyer in the form of statement of sales or invoice which may be regarded as a tax invoice based on the tax inclusive principle.

52. The statement of sale or invoice should contain the following details:

- (a) auctioneer's name, address and business registration number;
- (b) buyer's name and address;
- (c) date of issue;
- (d) serial number of invoice;
- (e) the description sufficient to identify the goods or services supplied;
- (f) the total amount payable inclusive of GST;
- (g) the rate of tax;
- (h) total tax chargeable; and
- (i) the word "Price payable inclusive of GST".

Example of an auctioneer's statement of sales or invoice is shown in **Figure 10**.

Figure 10: Example of Auctioneer's Statement of Sales

Auctioneer's name, address and business registration

MUHAMMAD AUCTIONS (A234543)
Auctioneers & Valuers
 T1-02, Jalan TTH 1/1, Taman Tuanku Hamimah,
 08000 Sungai Petani, Kedah
 Tel: 04-4422345

Buyer's name & address

Alia Safiyya
 No. 20 Jalan BPJ 2/3, Bandar Puteri Jaya
 08000 Sungai Petani, Kedah

The words "Statement of Sales" or "Invoice" clearly indicated

STATEMENT OF SALES

Invoice No: 00011/2015
Date: 20 June 2015

Invoice serial number

Date of Invoice

Lot	Description	Total (RM)
1.	One set bedroom furniture	2,080.00
2.	A pair of rattan occasional bedroom chairs	728.00
Total Sales		* 2,808.00

Description of goods or services supplied

*** Price Payable inclusive of GST RM158.95 @ 6%**

GST amount and rate of tax chargeable

Total amount payable inclusive of

Tax Invoice and Supply Given Relief

53. Under the GSTA, the Minister may grant relief to any person or class of persons from the payment of the whole or any part of the tax on any taxable supply of goods or services or any importation of goods or class of goods. A taxable person shall be relieved from charging and collecting GST on taxable supply of goods or services made to such person or class of persons. GST should not be charged on the amount of taxable supply and the tax invoice issued to such person shall state the clause "*Relieved from charging GST for supply to a person given relief under Item, Schedule of GST (Relief) Order 2014*". Example of a tax invoice for supply given relief is as follows:

Figure 11: Example of Tax Invoice for Supply Given Relief

The words "Tax Invoice" clearly

TAX INVOICE

ABC KOMPUTER SDN.BHD.
No.1, Jalan Bandar 43210 Shah Alam, Selangor
(GST ID No : 100001123456)
Tel : 03-33498765

Invoice No: 1111
Date : 25 June 2015
D/O No : S000345

Customer's name & address

SEKOLAH KEBANGSAAN KLANG
No. 24, Hala Meru, 43210
Klang, Selangor
Tel: 03-33545454

Supplier's name, address and GST identification

Date of Tax Invoice

Description of goods or services supplied

Serial No.	Description	Quantity	Unit Price (RM)	Total (RM)
1.	Computer – CPU (Dell)	10	2,000.00	20,000.00
2.	Monitor (Dell 14")	10	500.00	5,000.00
3.	Wireless Mouse (Dell)	10	250.00	2,500.00
Total Sales				27,500.00
GST @ 6%				Nil
(Relieved from charging GST for supply to a person given relief under Item 3, First Schedule of GST (Relief) Order 2014)				
Total Amount Payable				27,500.00

Quantity of goods or extent of the services supplied

Total amount payable excluding

Amount of GST

Rate of GST

GST relief clause

Total amount payable

ABC KOMPUTER SDN.BHD.

54. Any registered person making a taxable supply to person given relief under section 56(3)(b) of the GSTA, must issue a tax invoice for the supply with the following clause:-

"Relief under section 56(3)(b) GSTA"

Tax Invoice in Foreign Currency

55. If a registered person issues a tax invoice in a foreign currency, the following items on the tax invoice must be converted into Ringgit for GST purposes:

- (a) the total amount payable (excluding GST);
- (b) the total tax chargeable; and
- (c) the total amount payable (including GST).

56. For foreign currency conversion, there is no requirement to write in for approval.

57. Paragraph 5 of 3rd Schedule of the GSTA requires business to convert the foreign exchange into ringgit -

- (a) in the case of supply including imported services, at the selling rate of exchange prevailing in Malaysia at the time the supply takes place; or
- (b) in the case of importation of goods, at the rate of exchange determined by DG at the time applicable for the calculation of customs duty or excise duty and valuation.

58. Therefore, for imported goods, irrespective whether the importer is GST registered or not, he must use the exchange rate determined by the DG.

59. In the case of local supply including imported services or export of goods, where the supplier and the buyer are both making wholly taxable supplies and both businesses registered for GST -

- (a) The businesses may use any of the following exchange rates published by—
 - (i) Bank Negara Malaysia (BNM);
 - (ii) any commercial banks in Malaysia or any other banks registered under BNM;
 - (iii) news agencies e.g. Bloomberg, Reuters, Oanda, ASWJ, XE, Strikeiron;

- (iv) any foreign central banks e.g. European Central Bank and Federal Reserve Bank of New York, Korean Exchange Bank.
- (b) The exchange rate from any of the published rate in paragraph 59 (a) above must be:
 - (i) the prevailing exchange rate (selling rate) corresponding to the time of supply;
 - (ii) **the monthly average rate of the previous month** corresponding to the time of supply;
 - (iii) **the month-end average rate** corresponding to the time of supply;
 - (iv) **the month-end selling rate** corresponding to the time of supply;
 - (v) **the opening selling rate of the month** corresponding to the time of supply;
 - (vi) **the average rate of the highest rate plus (+) the lowest rate of the previous month** corresponding to the time of supply; or
 - (vii) **the hedged exchange rate with banks** corresponding to the time of supply;
- (c) The exchange rate as in paragraph 59 (a) and (b) must be used consistently for internal business reporting and accounting purposes and used for at least one year from the end of the accounting period in which the method was first used.
- (d) If GST registered person wants to use an exchange rate other than the rate as in paragraph 59 (a) and (b) above, he must apply in writing to the DG for his approval.

Example of a local tax invoice in foreign currency is shown in **Figure 12**.

Figure 12: Example of Local Tax Invoice in Foreign Currency

KENZOU ELECTRONIC BHD

Supplier's name, address and GST identification number: Kenzou Electronic Bhd, Lot 169, Jalan Pasar, 32100 Ipoh, Perak (GST ID No:), Tel: 03-33161900

Invoice No : 0002121

Date : 3.6.2015

D/O No : D100011

TAX INVOICE

Customer's name & address: Kenzo Sdn Bhd, No. 24, Jalan Silibin, 32100 Ipoh, Perak.

The words "Tax Invoice" clearly

Price in foreign currency

Price in Ringgit

No.	Description	Qty	Unit Price (USD)	Total (USD)	Total (RM) @3.50
1.	* LCD TV 42" T004S	20	1,000.00	20,000.00	70,000.00
2.	* Blue-Ray Player BD001	20	500.00	10,000.00	35,000.00
3.	* Home Theatre HT010	10	300.00	3,000.00	10,500.00
Total Sales				33,000.00	115,500.00
*Add GST @ 6%				1,980.00	6,930.00
Total Amount Due				34,980.00	122,430.00

Description of goods or services supplied

Total amount payable

Total tax chargeable

KENZOU ELECTRONIC BHD

Importation of Goods and Services

60. Importation of goods and services are subject to GST. GST for imported goods are declared and paid at the time of importation based on the invoice from the overseas supplier using customs declaration forms (Customs Form No. 1 or 9). These declaration forms together with the Customs Official Receipt (COR) will be sufficient for the purpose of input tax claim by the importer or buyer. As for GST on imported services, it is accounted by way of the reverse charge mechanism and tax invoice is not issued for such supply (For further information on Reverse Charge Mechanism, please refer to GST Guide on Imported Service). Thus, the need to issue a tax invoice in the case of imported goods and services is not applicable.

Electronic Tax Invoice

61. Under Section 34 GSTA, a registered person shall be treated as having issued a tax invoice to another person notwithstanding that there is no delivery of any equivalent document in paper form to the person if the required particulars of the tax invoice are recorded in a computer and are:

- (a) transmitted or made available to the person by electronic means (including emails, facsimiles etc); or
- (b) produced on any material other than paper and is delivered to the person.

62. If tax invoices, receipts, credit or debit notes are issued electronically, these documents should be readily accessible and convertible into writing. The requirements for these electronic documents are as follows:

- (a) the intended recipients must confirm in writing that they are prepared to accept electronic documents under the conditions set out. (This authorisation must be retained by the supplier for a period of seven years after the issuance of the last electronic document to the recipient).
- (b) both the supplier and the recipient of the supply must retain the documents in readable and encrypted form for a period of seven years from the date of the supply. They must also have access to the necessary codes or other means available to enable Customs auditors to compare the documents in readable form with those in encrypted form.
- (c) for tax invoices, receipts, credit or debit notes that are issued manually and is subsequently converted into an electronic form, these documents should be retained in its original form prior to the conversion.
- (d) taxable person must establish controls to ensure the electronic tax invoice cannot be manipulated before and during transmission.
- (e) taxable person should not issue tax invoice in paper form to customers when the electronic tax invoice has already been issued. In the event the tax invoice needs to be issued in paper form, then necessary measures need to be taken to prevent the input tax being claimed twice by the customer e.g. invalidate either the paper form or electronic form of the tax invoice issued.

- (f) the taxable person should print and keep hard copies of the electronic tax invoices issued if he does not intent to store the tax invoices electronically.

Lost or Misplaced Tax Invoice

63. Whenever a tax invoice of a particular supply is lost or misplaced, you may request the supplier to provide a certified true copy of the tax invoice as it is an offence to issue more than one tax invoice per taxable supply. This certified copy of tax invoice can be used for claiming input tax as long as the document is clearly marked "COPY" by the supplier.

Pro forma Invoice

64. A pro forma invoice is not regarded as a tax invoice. You can only claim input tax in your GST return if you have a proper tax invoice. If your supplier does not give you a proper tax invoice, you should ask for one.

CREDIT NOTE AND DEBIT NOTE

65. The GSTA provides the requirement for the issuance of credit and debit notes in respect of a supply. The consideration for a particular supply can only be altered by means of a credit or debit note as it is against Generally Accepted Accounting Principle (GAAP) to merely issue another tax invoice to cover such supply.

66. Credit and debit notes provide a mechanism to allow the supplier to make the necessary adjustments in respect of a taxable supply after the tax invoice has been issued because there are subsequent changes (decreases or increases) in the original value of the supply.

67. The issuance of credit and debit notes by the registered person occurs when there is:

- (a) a change in the rate of tax in force under section 10 of the Act or a change in the descriptions of the zero-rated or exempt supply under section 17 or 18 of the Act as the case may be; or

- (b) any adjustment in the course of business such as cancellation in the supply of goods and services, under or over stated GST amount and goods returned,

and the change occurs after the return for the supply has been submitted to the Director General, a credit note or debit note shall be issued by the person making or receiving the supply.

68. When a credit note or debit note is issued relating to the change in rate or descriptions, the supplier and recipient who are registered persons shall make adjustments in the return for the taxable period where the change occurs.

69. In the case of credit note or debit note issued for any adjustment made in the course of business, the supplier and recipient who are registered persons shall make adjustments in the return for the taxable period in which the credit note or debit note is issued or received.

70. However, for supply of utilities, telecommunication, TV paid broadcasting services or other similar supplies made to end consumer who is a non-GST registered person, adjustment can be made in the next billing instead of issuing credit or debit note.

71. In the case of a registered person issuing a simplified tax invoice, a credit note or debit note issued relating to such invoices must be issued with the particulars provided under Regulation 25 (4) of the GSTR 2014.

72. In the case of a registered person (recipient) issuing a self-billed invoice, a credit note or debit note issued relating to such invoices must be issued with the particulars provided under Regulation 25 (4) of the GSTR 2014 by the supplier.

73. In the case of a registered person issuing a tax invoice involving foreign currency, a credit note or debit note issued relating to such invoices must be issued with the particulars provided under Regulation 25 (4) of the GSTR 2014 and the exchange rate to be used must be the exchange rate used in the original tax invoice.

Credit Notes

74. Credit notes are issued by the supplier when the value for a supply is reduced after a tax invoice has been issued. These notes are issued to correct a genuine mistake or to give a proper credit when there is a change in rate or description; or when adjustments are made in the course of business.

(a) Change in rate or description

A credit note should be issued if there is a change from a higher rate of GST to a lower rate or a change in description of a supply from a standard-rated supply to a zero-rated or exempt supply.

Example 6:

Change in rate from standard rate (6%) to (5%)

Invoice Amount (inclusive GST RM1,200): RM21,200

(invoice issued and tax has been accounted before
the change in rate)

Payment received after the change in rate: RM21,200
(inclusive GST RM1,200)

Value of the supply of goods where the goods RM20,000
are wholly removed after the change in rate
(excluding GST RM1,200)

Since the payment received and goods are removed after the change in rate, there will be GST at 5% imposed on the supply of goods in accordance with section 66 of the Act. Therefore, a credit note amounting to RM200 $[(RM20,000 \times 6\%) - (RM20,000 \times 5\%)]$ will be issued to the recipient due to the change in rate. The total payment after adjustment for change in rate is calculated as follows:

Invoice Amount: RM21,200
(inclusive GST RM1,200)

Credit note amount: RM200
[(RM20,000 x 6%) – (RM20,000 x 5%)]

Total payment after the change in rate: RM21,000
(RM21,200 - RM200)

Example 7:

Change in rate from standard rate (6%) to (5%)

Invoice Amount (inclusive GST RM1,200): RM21,200
(invoice issued and tax has been accounted before
the change in rate)

Payment received before the change in rate: RM10,600
(inclusive GST RM600)

Value of **supply of goods where the goods are** RM15,000
partly removed before the change in rate:
(excluding GST RM900)

Since the value of supply of goods removed is higher than the payment received before the change in rate, 6% GST is charged on RM15,000 and GST at 5% is imposed on the balance of RM5,000 in accordance with section 66 of the Act. Therefore, a credit note amounting to RM50 will be issued to the recipient due to the change in rate (RM5,000 x 6% – RM5,000 x 5% = RM50). The total payment after adjustment for change in rate is calculated as follows:

Invoice Amount (inclusive GST RM1,200): RM21,200
(invoice issued and tax has been accounted before
the change in rate)

Credit note amount: RM50
[(RM5,000 x 6%) – (RM5,000 x 5%)]

Total payment after change in rate RM21,150
(RM 21,200 - RM50)

Example 8:

Change in rate from standard rate (6%) to (5%)

Invoice Amount (inclusive GST RM1,200): RM21,200
(invoice issued and tax has been accounted before
the change in rate)

Payment received before the change in rate: RM15,900
(inclusive GST RM900)

Value of **supply of goods where the goods are** RM10,000
partly removed before the change in rate
(excluding GST RM600)

Since the payment received is higher than the value of supply of goods removed before the change in rate, 6% GST is charged on RM15,000 and GST at 5% is imposed on the balance of RM5,000 in accordance with section 66 of the Act. Therefore, a credit note amounting to RM50 will be issued to the recipient due to the change in rate (RM5,000 x 6% – RM5,000 x 5% = RM50). The total payment after adjustment for change in rate is calculated as follows:

Invoice Amount (inclusive GST RM1,200): RM21,200
(invoice issued and tax has been accounted before
the change in rate)

Credit note amount: *RM50*
[(RM5,000 x 6%) – (RM5,000 x 5%)]

Total payment after change in rate: *RM21,150*
(RM21,200 - RM50)

Similarly, example 1, 2 and 3 above will also apply to such situations when there is a change:

- (i) from a higher rate to a lower rate*
- (ii) in description from standard rate to zero rate*
- (iii) in description from standard rate to exempt supply*

(b) Adjustments in the course of business

A credit note should be issued if there is a change in consideration as a result of adjustments in the course of business such as:

- (i) when the goods invoiced as standard-rated should be exempt or zero-rated;
- (ii) the supply of goods or services is cancelled;
- (iii) consideration for the goods have been partly or fully waived;
- (iv) quantity discount given after goods have been supplied;
- (v) when sub-standard goods are accepted by the customer at a reduced price;
- (vi) goods are returned or services are not accepted; or
- (vii) goods and services are supplied for an unascertained consideration.

Example 9:

On 1 June 2015, Kamal Sdn. Bhd. a wholesaler of toys issued a sales invoice for amount RM2,120 for the supply of 20 sets of baby walker to Cute Baby Enterprise at RM100 per unit. On the same day, Cute Baby Enterprise cancelled the purchase of the walkers. Subsequently, Kamal Sdn. Bhd. issued a credit note

that shows the value of RM2,000 (RM100 x 20) for the walkers and the GST amount of RM120 (RM2,000 x 6%). The total charge to be cancelled including GST is RM2,120.

Debit Notes

75. Debit notes are issued by the supplier when the value of the supply is increased after a tax invoice was issued. These notes are issued to correct a genuine mistake or to give a proper debit when there is a change in rate or description; or when adjustments are made in the course of business.

(a) Change in rate or descriptions

A debit note should be issued if there is a change from a lower rate of GST to a higher rate or a change in description of a supply from a zero-rated or exempt supply to a standard-rated supply.

Example 10:

Change in rate from standard rate (6%) to (7%)

Invoice Amount (inclusive GST RM1,200): (invoice issued and tax has been accounted before the change in rate)	RM21,200
--	----------

<u>Payment received after</u> the change in rate (inclusive GST RM1,200)	RM21,200
--	----------

Value of <u>the supply of goods where the goods are wholly removed after the change in rate</u> (excluding GST RM1,200)	RM20,000
---	----------

Since the payment received and goods are removed after the change in rate, there will be GST at 7% imposed on the supply of goods in accordance with section 66 of the Act. Therefore, a debit note amounting to RM200 [(RM20,000 x 7%) – (RM20,000

*x 6%)] will be issued to the recipient due to the change in rate.
The total payment after adjustment for change in rate is
calculated as follows:*

*Invoice Amount: RM21,200
(inclusive GST RM1,200)*

*Debit note amount: RM200
[(RM20,000 x 7%) – (RM20,000 x 6%)]*

*Total payment after the change in rate: RM21,400
(RM21,200 + RM200)*

Example 11:

Change in rate from standard rate (6%) to (7%)

*Invoice Amount (inclusive GST RM1,200): RM21,200
(invoice issued and tax has been accounted
before the change in rate)*

Payment received before the change in rate: RM10,600
(inclusive GST RM600)

Value of **supply of goods where the
goods are partly removed before** the change in rate: RM15,000
(excluding GST RM900)

*Since the value of supply of goods removed is higher than the
payment received before the change in rate, 6% GST is charged
on RM15,000 and GST at 7% is imposed on the balance of
RM5,000 in accordance with section 66 of the Act. Therefore, a
debit note amounting to RM50 will be issued to the recipient due
to the change in rate (RM5,000 x 7% – RM5,000 x 6% = RM50).
The total payment after adjustment for change in rate is
calculated as follows:*

Invoice Amount (inclusive GST RM1,200): RM21,200
(invoice issued and tax has been accounted
before the change in rate)

Debit note amount: RM50
[(RM5,000 x 7%) – (RM5,000 x 6%)]

Total payment after change in rate: RM21,250
(RM21,200 + RM50)

Example 12:

Change in rate from standard rate (6%) to (7%)

Invoice Amount (inclusive GST RM1,200): RM21,200
(invoice issued and tax has been accounted
before the change in rate)

Payment received before the change in rate: RM15,900
(inclusive GST RM900)

Value of **supply of goods where the
goods are partly removed before** the change in rate: RM10,000
(excluding GST RM600)

Since the payment received is higher than the value of supply of goods removed before the change in rate, 6% GST is charged on RM15,000 and GST at 7% is imposed on the balance of RM5,000 in accordance with section 66 of the Act. Therefore, a debit note amounting to RM50 will be issued to the recipient due to the change in rate ($RM5,000 \times 7\% - RM5,000 \times 6\% = RM50$). The total payment after adjustment for change in rate is calculated as follows:

Invoice Amount (inclusive GST RM1,200) RM21,200

*(invoice issued and tax has been accounted
before the change in rate)*

Debit note amount: RM50
[(RM5,000 x 7%) – (RM5,000 x 6%)]

Total payment after change in rate: RM21,250
(RM21,200 + RM50)

*Similarly, example 1, 2 and 3 above will also apply to such
situations when there is a change:*

- (i) from a lower rate to a higher rate*
- (ii) in description from zero rate to standard rate*
- (iii) in description from exempt supply to standard rate*

(b) Adjustments in the course of business

A debit note should be issued if there is a change in consideration as a result of adjustments in the course of business such as:

- (i) when the goods invoiced as exempt or zero-rated should be standard-rated;
- (ii) additional charges such as transportation cost imposed after delivery of goods;
- (iii) when goods delivered to the customer are under-priced;
- (iv) over supply of goods or services to the customer; or
- (v) goods or services are supplied for an unascertained consideration.

Example 13:

An invoice for the amount RM1,500 was issued by Modern Sdn. Bhd. for supply of 50kg rice at RM30/kg to Esa, a retailer. No GST was charged on the zero rated supply of rice. After one week, Modern Sdn. Bhd. discovered that 10kg biscuits at RM30/kg and 40kg rice were actually supplied to Esa. Due to the change in consideration from RM1,500 to RM1,518, a debit

note for RM18 was issued by Modern Sdn. Bhd. to claim the GST amount on the taxable supply of biscuits (RM300 x 6%).

Details on Credit and Debit Notes

76. In accordance with the GST Regulations 2014, the following details should appear in the credit and debit notes:

- (a) the words “credit note” or “debit note” in a prominent place;
- (b) the serial number and date of issue;
- (c) the name, address and GST identification number of the supplier;
- (d) the name and address of the person to whom the goods or services are supplied;
- (e) the reasons for its issue;
- (f) description of the goods or services;
- (g) the quantity and amount for each supply;
- (h) the total amount excluding tax;
- (i) the rate and amount of tax; and
- (j) the number and date of the original tax invoice.

Example of credit note and debit note are as shown in **Figure 13** and **Figure 14** respectively.

Figure 13: Example of Credit Note

KENSTONE (M) SDN BHD
(COMPANY NO: 222111 U)
15 JALAN CEPAT, KAWASAN PERINDUSTRIAN TAMPOI,
80350 JOHOR BAHRU, JOHOR, MALAYSIA.
TEL: 07-2323444 FAX: 07-2332442

CREDIT NOTE

To
Ali Maju contractor Sdn Bhd
20 Jalan Maju, Taman Maju Jaya,
Kulai Jaya,
Johor.

CN No. : 12542
Date : 21.2.2016
GST No. : 12128888

Your return ref. no.	Account no.	Tax Invoice no.	Date of Invoice:
DO No. 5455	1010117879454	65473	12.1.2016

ITEM	DESCRIPTION	QUANTITY	UNIT PRICE (RM)	VALUE
No.1	Tiles	120 pcs	5.00	600.00
TOTAL				: 600.00
6% GST				: 36.00
REFUNDED CHARGE				: 636.00

Reason for return:

Damaged goods

Figure 14: Example of Debit Note

KENSTONE (M) SDN BHD
(COMPANY NO: 222111 U)
15 JALAN CEPAT, KAWASAN PERINDUSTRIAN TAMPOI,
80350 JOHOR BAHRU, JOHOR, MALAYSIA.
TEL: 07-2323444 FAX: 07-2332442

DEBIT NOTE

To
Ali Maju contractor Sdn Ehd
20 Jalan Maju, Taman Maju Jaya,
Kulai Jaya,
Johor.

DN No. : 1540
DATE : 20.2.2016
GST No : 12128888

Your ref. no.	Account no.	Tax Invoice No.	Date of invoice:
DO No. 5455	1010117879454	124345	15.1.2016

ITEM	DESCRIPTION	QUANTITY	UNIT PRICE (RM)	VALUE (RM)
No.2	Sales Value for Tiles code no. A5 as per invoice no. 124345 dated 15.1.2016	1000pcs	5.00	500.00
	Revised sale value			5000.00
	Difference			4500.00
TOTAL			: 4500.00	
6% GST			: 270.00	
CHARGE TO BE PAID			: 4770.00	

Reason : The sale price for item no.2 worth RM 5,000 for RM500 by mistake.	Approved By: <i>Farizulnizam Hashim</i>
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Keeping Record on Credit

77. The recipient must keep a record of all credits received from the suppliers. If the recipient normally issue debit notes to suppliers from whom credit is due and adjust the recipient's records at that stage, the debit notes must show details similar to those required for credit notes, i.e. the credit notes from the suppliers must matched with the debit notes issued by the recipient for the same supply. Likewise, the supplier must also keep a record of all credits given to the recipients and make the necessary adjustments. The recipient and the supplier should ensure that adjustments are made only once and that the credit and debit notes are not used simultaneously as accounting documents.

RECORD KEEPING

78. Section 36 of the GSTA requires every taxable person and certain non-taxable person to keep full and true records of all transactions which affect or may affect his liability to tax. These records should be kept in Malaysia except as otherwise approved by the Director General and shall be in the National or English Language, and should be preserved for a period of seven years from the latest date to which the records relate.

79. The certain non-taxable persons mentioned above are as follows:

- (a) any person who has ceased to be a taxable person and has made/may make bad debt relief claim;
- (b) imported services supplied to the recipient, who is a non-taxable person, for the purposes of business;
- (c) goods of a taxable person are sold by a non-taxable person to recover any debt owed by the taxable person;
- (d) supply by the auctioneer, who is a non-taxable person in his own name on behalf of the principal/owner of the goods who is a taxable person; and
- (e) a non-taxable person in Malaysia, who receives goods (in the course or furtherance of business) from an approved toll manufacturer.

80. Any person, who contravenes Section 36 GSTA, commits an offence and shall, on conviction, be liable to a fine not exceeding fifty thousand ringgit or to imprisonment for a term not exceeding three (3) years or to both.

What are Records?

81. Records are documents which include all books of account or relevant computer print-outs (if a computer is used), as well as supporting documents. If the record is in an electronically readable form, a manual to the software must be available. Records include:

- (a) all records of goods or services supplied by or to that taxable person including tax invoices, invoices, statement of sales, receipts, credit note, debit note and export declaration forms;
- (b) all records of importations of goods;
- (c) physical books of account, financial statement and paper based source documents including computer printouts of business and accounting records;
- (d) electronic records; and
- (e) all details of the accounting system, including charts, codes of accounts, instruction manuals, system and program documentation and specification, etc.

82. All taxable persons and certain non-taxable persons should keep every reasonable accounting documents and records of all business supplies and acquisitions to enable GST auditors to establish the nature, time and value of all taxable supplies and importation of goods and services, including information which assists in reconciling accounting records with the GST returns submitted.

83. Details of any exempt supplies and any method of apportionment used should also be available. The term “records” therefore include the record of all goods and services supplied, received and imported and the applicable rate of tax on all supplies made and received. The specific records that you are required to keep include:

- (a) Business Entity Records

Business registration records such as Form 9, Form 13, Form 24 or Form 49.

(b) Taxation Records

- (i) GST returns, payment slips and receipts;
- (ii) Export release records, such as exports declaration (K2), records for the taxable goods status and other related records.
- (iii) Import release records such as:
 - imports declaration (K1, K9), Customs Official Receipt (COR) and value declaration form (K1A);
 - transportation records such as invoices, delivery orders, packing lists, bill of lading, insurance records, transport charges and other related records;
 - Letter/Classification Ruling or Decision/Valuation Ruling or Customs Advance Ruling;
 - exemption letters obtained by the registered person; and
 - Import Permit;
- (iv) Records and documents to account for any adjustments related to GST input and output tax;
- (v) Inland Revenue declaration forms;
- (vi) GST Summary Sheet;
- (vii) GST adjustment working sheet.

(c) Business Transactions Records

- (i) Sale and purchase records such as purchase order/order notes, delivery orders, tax invoices, invoices, receipts, vouchers, cash register roll, debit/credit notes and other related records.
- (ii) Contract records (includes sub-contracts) such as agreements between buyers and sellers or parties involved in business transactions, letter of concession power, joint venture/ leasing/ manufacturing agreements, royalty/ franchise/ license and other

- Intellectual Property Rights (IPR) agreements, agency commission/brokers contract, distribution/ sale and purchase contract and other related records.
- (iii) Correspondence records such as mail, facsimile, e-mail and other related documents.
 - (iv) Payment records such as cheques, bank drafts, letter of credit, fund transfers applications, debit advice and other related records.
 - (v) Details of any agents acting on supplier/principal's behalf and transactions concluded through agents.
- (d) Accounting Records
- (i) Audited Financial Report including Profit and Loss Account.
 - (ii) Management Account.
 - (iii) General Ledger and Subsidiary Ledger
 - (iv) Cash Book
 - (v) Fixed Asset Register
 - (vi) Production records, stock sheet/list and control list;
 - (vii) Debtors and creditors lists (in respect of a change in accounting basis)
 - (viii) Audit adjustments
 - (ix) Journal, acceptance slips, receipts, payment vouchers, payment slips and other supporting records.
- (e) Other records:
- (i) business goods which were put to non-business use;
 - (ii) disposal of business goods, whether or not for a consideration;
 - (iii) gifts to customers in the course or furtherance of business;
 - (iv) samples given to potential customers in the course or furtherance of business;
 - (v) fringe benefits given to employees; and
 - (vi) movement of imported goods to/from Licensed Warehouse.

You may require the above information when calculating your GST liability before filling in your GST return.

Computer/ Electronic Records

84. The registered person must keep the original documentation which is normally kept in paper (hard copy) format. However, where the record is in an electronically readable form, the record shall be kept in such manner as to enable the record to be readily accessible and convertible into writing.

85. When the record is originally in a manual form and is subsequently converted into an electronic record, the record shall be retained in its original form prior to the conversion. Such records shall be admissible as evidence in any proceedings. For example, records kept in a computer using magnetic tape or disc, should be readily converted into a satisfactory legible form and available to Customs on request to allow its officers to check registered person's operation and the information stored through the person in charge of the computer or its software.

Records Kept Overseas

86. Any record relating to GST must be kept in Malaysia by taxable persons. For those who intend to keep their records overseas, they must seek approval from the Director General, subject to the conditions as he deems fit. Besides complying with Section 36 of the GSTA, records kept overseas must be made available when required by the GST officers for verification or audit purposes.

RECORDS ON GST SUMMARY SHEET

87. To facilitate you to submit correct and accurate GST returns and to assist any audit process, it is advisable that you maintain a record on GST summary sheet. GST summary sheet is a summary of the value of acquisition/supply and input/output tax for each taxable period.

88. For every taxable period, you should update your records and prepare your GST summary sheet with separate headings as follows:

- (a) Total Acquisition and Input Tax

- (b) Total Supply and Output tax
- (c) Additional Information

Examples of a GST summary sheet are as in **Figures 15, 16 and 17**.

Figure 15: GST Summary Sheet of Total Acquisition and Input Tax

for Taxable Period 1 Jul – 30 Sep 2015

Types of Acquisition	Value of Acquisition Excluding GST (RM)	Input Tax 6% (RM)	
		Claimable	Non-Claimabl
STANDARD RATE			
1. Normal Purchase – to make standard rated supply	20,000	1,200	Nil
Normal Purchase – to make Exempt supply	10,000	Nil	600
Normal Purchase – to make incidental Exempt Supply (Reg. 43 & 44A)	400	24	Nil
2. Purchase of Capital Goods – to make standard rated supply	77,000	4,620	Nil
Normal Purchase – to make Exempt supply	10,000	Nil	600
3. Supplies with GST Relief	Nil	Nil	Nil
4. Imported Services	15,500	930	Nil
5. GST on Imports	11,200	672	Nil
Sub Total	144,100	7,446	1,200
Adjustments:			
1. Bad Debt Relief	2,000	120	Nil
2. Credit Note / Debit Note	4,056	243.36	Nil
3. Capital Goods Adjustment	Nil	Nil	Nil
4. Annual Adjustment	Nil	Nil	Nil
5. Other Adjustments	Nil	Nil	Nil
Sub Total	6,056	363.36	0
Total	150,156	7,809.36	1,200

Figure 16: : GST Summary Sheet of Total Supply and Output Tax

for Taxable Period 1 Jul – 30 Sep 2015

Types of Supply	Value of Supply Excluding GST (RM)	Output Tax 6% (RM)
STANDARD RATE		
1. Normal Supply	125,000	7,500
2. Disposal of business assets	5,000	300
3. Deemed Supply: Gifts, business assets used privately, etc.	3,200	192
4. Imported Services	8,100	486
Sub Total	141,300	8,478
Adjustments:		
1. Bad Debt Recovered	1,000	60
2. Credit Note / Debit Note	Nil	Nil
3. Capital Goods Adjustment	Nil	Nil
4. Annual Adjustment	Nil	Nil
5. Other Adjustments	Nil	Nil
Sub Total	1,000	60
Total	142,300	8,538
Net Tax Payable/(Claimable)	[Output Tax – Input Tax] 8,538 – 7,809.36 = RM 728.64	

Figure 17: : GST Summary Sheet for Additional Information

for Taxable Period 1 Jul – 30 Sep 2015

Types of Supply	Value (RM)	GST (RM)
Total Value of Zero-Rated – Local Supplies	1,000	Nil
Total Value of Export Supplies	25,000	Nil
Total Value of Exempt Supplies	Nil	Nil
Total Value of Supplies with GST Relief	7,600	Nil
Total Value of Goods Imported Under Special Scheme and GST Suspended	1,000	60 (Suspended)
Total Value of Disregarded Supplies	3,569	Nil
TOTAL	38,169	Nil

89. GST summary sheet as in **Figures 15, 16 and 17** is the basic requirement to record your GST information. An additional working sheet is required to support this summary sheet. For example, you as a GST registered supplier may be required to prepare an additional working sheet to support the figures in Credit Note / Debit Note as recorded in **Figure 15**. Example of the working sheet is as in **Figure 18**.

**Figure 18: : List of Credit Note / Debit Note and related Tax Invoice for GST
Adjustment as at 30.09.2015**

No	Credit / Debit Note No.	Date	CN / DN Amount (Inclusive of GST) (RM)	Related Invoice No.	Invoice Amount (Inclusive of GST) (RM)	GST Paid (RM)	Taxable Period Tax Declare / Paid	GST Adjustment to Output Tax due to CN/DN (RM)
1.	CN1234	1.5.2015	1,060	67899	10,600	600	Apr – Jun 2015	(60)
2	CN1911	21.5.2015	2,120	68450	20,140	1,140	Apr – Jun 2015	(120)
3.	DN66997	13.6.2015	954	79776	5,300	300	Apr – Jun 2015	54
		TOTAL	4,134		36,040	2,040		(126)

RECORDS REQUIREMENTS TO CLAIM GST RELIEF ON BAD DEBTS

90. Taxable persons are required to maintain and preserve all records and documents in respect of bad debts. Besides the records mentioned in paragraph 47 to 55 of this guide, the taxable person is required to keep additional records to support bad debt relief claims such as:

- (a) other documentary evidence showing the time, nature, purchaser's details and the consideration of the supply;
- (b) records or any other documents showing that you have accounted for and paid the tax;
- (c) records or any other documents, for example debtor's aging list showing that the consideration has not been received after 6 months from the date of supply and accounted as bad debt in the taxable person's accounts;

- (d) records or any other documents showing that sufficient efforts have been taken by the registered person to recover the debt. Sufficient efforts may include:
- (i) letters of demand or reminder from company; or
 - (ii) letter from company's solicitor or legal action taken against the debtor if any; or
 - (iii) engagement and actions from credit agency if any; or
 - (iv) bad debt has been written off in the company's account and etc.

It is not compulsory to fulfil all the conditions above. However, merely sending letters of demand to debtors may not be treated as sufficient efforts to recover the debt. Thus, Customs may not qualify the taxable person for bad debt relief.

- (e) insolvency records such as:
- (i) Individual:

A letter from Department of Insolvency to notify that the debtor is declared as adjudged bankrupt under the Bankruptcy Act 1967;
 - (ii) Company:
 - letter from Department of Insolvency; or
 - court order for winding up under Companies Act 1965;
 - letter of appointment of receiver;
 - statement of affairs lodged with Suruhanjaya Syarikat Malaysia to state that the assets of the company is not sufficient to cover the payment of any debts; and
 - forms related to debtor's insolvency such as:
 - Form 70, Companies Act 1965 (Notice of Appointment and Situation of Office or Liquidator (Winding-Up) by the Court);

- Form 75, Companies Act 1965 (Liquidator's Account of Receipts and Payments and Statement of the Position in the Winding Up);
- Proof of Debt (General Form);

(f) maintain a single account known as "refund for bad debts account".

91. A record should also be maintained showing details of supply in respect of each claim made:

- (a) details of supply for that claim;
 - (i) the amount of GST chargeable;
 - (ii) the taxable period in which the GST was accounted for and paid to the Director General;
 - (iii) the date and serial number of tax invoice issued or, where there is no such invoice, any information necessary to identify the time, nature and debtor; and
 - (iv) any payment received.
- (b) the outstanding GST amount to which the claim relates;
- (c) the total amount of GST claim; and
- (d) the taxable period in which the claim was made.

Example is shown in **Figure 19**.

Figure 19: : Example of a Record for GST Bad Debt Claim

No	Invoice No.	Invoice Date	Invoice Amount Inclusive GST (RM)	GST Paid (RM)	Taxable Period Tax Declare / Paid	Payment Received (RM)	Outstanding (RM)	GST Claimed (RM)	Taxable Period Claimed	Age (Months)
1.	IA1234	9.2.2016	1,900.00	107.55	Jan – Mar 2016	190.00	1,710.00	96.79	Apr – Jun 2017	14
2.	IA1235	1.6.2016	2,000.00	113.21	Apr – Jun 2016	200.00	1,800.00	101.89	Apr – Jun 2017	10
3.	IA1236	1.9.2016	5,500.00	311.32	Jul – Sep 2016	Nil	5,500.00	311.32	Apr – Jun 2017	7
		TOTAL	9,400.00	532.08		390.00	9,010.00	510.00		

The above example is using invoice as reference. However, if the time of supply is not based on the date of invoice, the reference could be the date of delivery or payment, whichever is applicable.

NON-ISSUANCE OF TAX INVOICE AND RECORD KEEPING

92. Under GST legislations, the general rule is that a registered person who makes taxable supplies must issue a tax invoice. However, under certain circumstances, a registered person may impose GST on his supply without issuing a tax invoice.

GST Registered Person Under Relief for Second Hand Goods

93. A person approved under this scheme can purchase second-hand goods (used motor vehicles/real properties) from a non-registered person or individual. Subsequently, when the person approved under this scheme resells the goods, he has to charge GST on the difference between the selling price and acquisition price of the goods. Since tax invoice is not allowed to be issued by the approved person, the buyer if he is a registered

person cannot claim input tax on such goods. For further information, please refer to the Guide on Margin Scheme.

94. A person approved under this scheme must keep records such as:

- (a) purchase and sales invoices for sales under the Margin Scheme;
- (b) log book; and
- (c) payment voucher.

95. The log book should include the following details:

(a) Purchase Details

- (i) date of acquisition / purchase;
- (ii) purchase invoice number;
- (iii) total purchase price;
- (iv) seller's name and address;
- (v) property (commercial building)/vehicle registration, engine and chassis numbers; and
- (vi) model and make.

(b) Sales Details

- (i) date of sale;
- (ii) sales invoice number;
- (iii) buyer's name and address;
- (iv) total sale price;
- (v) property (commercial building)/vehicle registration, engine and chassis numbers; and
- (vi) model and make.

(c) Accounting Details

- (i) purchase price;
- (ii) selling price;

- (iii) sales margin value;
- (iv) tax rate on date of sale; and
- (v) GST due.

Example of a margin scheme record is as in **Figure 20**.

Figure 20: : Example of a Margin Scheme Record

No	Sell			Purchase			Margin inclusive GST 6%	GST		Additional Information		
	Date	Inv No.	Amount (RM)	Date	Receipt No.	Amount (RM)		Amount Payable	Taxable Period	Reg No / Lot No	Make	Etc
1.	1.6.2015	V123	50,000	4.4.2012	P899	20,000	30,000	1,698.11	Jun 2015	WBP12	Ford	Escape
2.	5.8.2015	V124	43,000	6.3.2011	1199	23,000	20,000	1,132.08	Aug 2015	LB123	Honda	Civic

Flat Rate Scheme

96. Flat rate scheme allows any person who qualifies and is carrying on a business involving the prescribed activities to include a prescribed flat rate addition in the consideration for any taxable supply of goods made by him from the prescribed activities to any registered person in the course or furtherance of the business.

97. The approved person of prescribed activities shall issue an invoice and charge a prescribed flat rate addition in the consideration on the supply of taxable goods to GST registered persons. Example of an invoice issued by approved person is shown in **Figure 21**.

98. Besides the issuance of invoice by the approved person, the Director General may, upon application by the registered person, allow him to issue an invoice in relation to a supply made by the approved person subject to the following conditions:

- (a) the value is not known by the approved person at the time of making the supply;

- (b) the registered person and the approved person agree in writing that the approved person shall not issue an invoice in respect of any supply made under this scheme;
- (c) the registered person shall issue an invoice showing the particulars stated under paragraph 69 of this guide;
- (d) a copy of the invoice is to be provided to the approved person and a copy is to be retained by the registered person;
- (e) the approved person shall notify the registered person if he ceases business, transfers his business as a going concern or becomes a registered person;
- (f) in the case where the invoice is issued before the supply is made, the invoice shall be issued with payments; and
- (g) any other conditions as the Director General deems fit to impose.

Example of an invoice issued by a registered person (recipient) is shown in **Figure 22**.

99. The approved persons under the scheme are not allowed to claim ITC and buyers who are GST registered persons can claim ITC based on flat rate addition (tax) incurred. The approved persons need not submit returns nor remit flat-rate addition (tax) collected to Customs. However, he must submit annual sales statement which includes the customers list to the Director General. Example of flat rate scheme annual sales statement is shown in **Table 1** below.

Table 1: : Flat Rate Scheme Annual Sales Statement for the Year 2014

Name of Approved Person :

The Address of Approved Person :

Flat Rate Scheme Number :

Month	Flat Rate Scheme Sales (RM)	Flat Rate Addition (RM)	Other Sales (RM)
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			
Total (RM)			

No.	Purchaser Name (Registered Person)	Goods and Services Tax Number (GST Number)

Signature :

Name :

Position :

Company's Stamp:

100. An invoice issued under the scheme should have the following particulars:

- (a) invoice serial number;
- (b) the name, address and reference number of the approved person;
- (c) the date of issuance of the invoice;
- (d) the name, address and GST identification number of the registered person to whom the goods are supplied;
- (e) a description of the goods supplied;
- (f) the total amount payable excluding flat rate addition, the rate of flat rate addition and the total amount of flat rate addition to be shown separately;
and
- (g) the total amount payable inclusive of flat rate addition.

101. An approved person shall only issue an invoice with a flat rate addition for any supply of taxable goods to GST registered person with respect to the prescribed activities of his business.

Figure 21: : Example of Invoice for Flat Rate Scheme

(Issued by Approved Person/Supplier)

Name, address and flat rate
reference no. of approved person

ELLE TOBACCO ENTERPRISE (I0000897)
Lot 123, Jalan Mahsuri, 81200 Johor Bahru
Tel : 07-2312 345
(Flate Rate Ref. No : FRS1022/2015)

Invoice No : 0001114

Date : 1 June 2015

Invoice
serial

Date of
issuanc

INVOICE

DUNVILLE MANUFACTURING SDN. BHD.
Lot 123, Jalan Padi, 81200 Johor Bahru
Tel : 07-3349 765
(GST Reg No : 100004/2015)

Customer's
name, address
and GST no.

No.	Description	Total (RM)
1.	10 kg Green Tobacco Leaves (Grade 1) @ RM100/kg	1,000.00
2.	20kg Tobacco Leaves (Grade 2) @ RM50/kg	1,000.00
3.	40kg Spring Tobacco Leaves (Grade 3) @ RM30/kg	1,200.00
Total (excluding Flat Rate Addition)		3,200.00
Flat Rate Addition @ 1%		32.00
Total Amount Payable		3,232.00

Description of
goods supplied

Total amount
excluding flat
rate addition

Total
amount of
flat rate

Rate of flat
rate addition

Total amount
inclusive of flat
rate addition

.....
ELLE TOBACCO ENTERPRISE

Figure 22: : Example of Invoice for Flat Rate Scheme

(Issued by Registered Person/Recipient)

Name, address and flat rate reference no. of approved person

KILANG KELAPA SAWIT SDN BHD

INVOICE

Supplier
KEBUN LUMADAN ENTERPRISE
Lot 22, Jalan Lumadan-Sipitang,
89808 Beaufort, Sabah.
(Flat Rate Ref.No : FRS1227/2015)

Recipient
KILANG KELAPA SAWIT SDN.BHD
Lot 172, Jalan Lumadan-Sipitang, 89808 Beaufort, Sabah.
Tel: 087-211730
(GST ID No: 100017/2015)

Invoice No. : 0001206

Date : 25 June 2015
D/O No. : S000206

No.	Description	Quantity (tan)	Price (RM)	Total (RM)
1.	Fresh Fruit Bunches (FFB)	40	413.00	16,520.00
Total (excluding Flat Rate Addition)				16,520.00
Flat Rate Addition @ 1%				165.20
Total Amount Payable				16,685.20

Records to Keep

102. Records to be kept under flat rate scheme include:

- (a) invoices;
- (b) sales record:
 - (i) of total sales to GST registered person with flat rate addition; and
 - (ii) total non-farming activities; and
- (c) annual sales statement

Approved Toll Manufacturing Scheme (ATMS)

103. A toll/contract manufacturer performing value added activities involving the treatment or processing of goods for an overseas principal, can apply for the ATMS as an Approved Toll Manufacturer subject to certain prescribed conditions (Please refer to GST Guide on ATMS).

104. Under the ATMS, the supply of value added activities (such as processing charges/toll) made by the Approved Toll Manufacturer (ATM) for and to the overseas principal is to be disregarded under section 72(1) of the GSTA. GST on the processed goods or finished goods delivered by the ATM (for his overseas principal) to a local customer (GST registered person or non-GST registered person) will be accounted by the local customer by way of "Recipient Accounting", i.e. the local customer shall account and pay tax as if he had himself supply the goods.

Invoice for the ATMS

105. ATM may issue a tax invoice to overseas principal for the supply of value added services performed on the raw materials consigned by the overseas principal. Tax invoice should not be issued for processed or finished goods delivered to local customer of overseas principal. However, such goods delivered by ATM to that local customer should be accompanied by Delivery Order (DO).

106. The local customer/recipient who received such goods will account for output tax on the local supply by way of "Recipient Self-Accounting" based on invoices from the overseas principal or when payment is made to the overseas principal. At the same time,

the local customer can claim the deemed output tax as his input tax credit if he is a GST registered person.

107. However if the local customer (who is also a GST registered person) received processed or finished goods from the ATM and subsequently supplied the goods to the local markets, he should account for output tax and must issue tax invoice to the buyers on such local supplies.

Record Keeping

108. Both the approved toll manufacturer and the local customer (ATMS participant) of the overseas client who are registered under the ATMS must maintain up-to-date accounts and records at all times.

(a) **Record Keeping by Approved Toll Manufacturer**

Besides the records mentioned in paragraphs 47 to 55 of this guide, a toll manufacturer under the ATMS must at all times maintain and preserve good accounting and inventory records related to raw materials received, stored and being manufactured as well as processed or finished goods delivered and re-exported. These records include:

- (i) all invoices from and to overseas principal;
- (ii) delivery orders;
- (iii) other original documents and records related to the acquisitions, receipts and supplies of raw materials (imported or local purchase) and finished goods re-exported, delivered or consigned under the ATMS;
- (iv) any agreements or contracts made between the Approved Toll Manufacturer and the overseas principal;
- (v) list of recipients covered under ATMS (registered and non-registered); and
- (vi) summary of delivery of goods to ATMS recipients (registered and non-registered).

(b) **Record Keeping by Local Customer (registered and non-registered)**

The local customer under the ATMS must similarly maintain and preserve good accounting and inventory records at all times with respect to finished goods received and supplied, both locally and overseas. These records include:

- (i) all invoices from overseas principal;
- (ii) payment records to overseas principal;
- (iii) delivery orders from ATM;
- (iv) other original documents and records related to supplies received and sold such as Customs Declaration Forms (K1/K2/K9) etc.; and
- (v) any agreements or contracts between local customer (buyer of finished product) and the overseas principal.

GST Group Registration

109. Companies that form a group may choose to be registered as a group under GST. Two or more companies may group under GST when one company controls the other(s) or when these companies are controlled by an individual or a few individuals in a partnership. The controlling person(s) must hold more than fifty percent of the issued share capital of each of these companies (For more details, please refer to the GST Guide on Registration).

Invoice for GST Group

110. The issuance of invoices by registered persons under group registration are as follows:

- (a) Individual member of the GST group making supplies to recipients outside the group must issue tax invoices with their own GST registration numbers.
- (b) For acquisitions by individual member of the GST group from suppliers outside the group, the tax invoice shall be issued in the name of the individual members.
- (c) Supplies or transactions between members of the GST group are disregarded. They may issue normal invoices to one another when making supplies within the group.

Records to Keep

111. Besides the documents and records mentioned in paragraphs 47 to 55 of this guide that are required to be maintained by the registered persons, all members of GST group including the representative member shall also maintain the following records:

- (a) individual member's monthly record on total inputs (purchases and acquisitions) and outputs (sales and disposal other than sales); and
- (b) individual member's monthly summary on total inputs (purchases and acquisitions) and outputs (sales and disposal other than sales).

Examples of such monthly summary are shown in the following examples:

Example 14: Member A (GST ID No.):

Summary of Total Output Supplied for Taxable Period January 2014

Types of Supply	Output	Output Amount (RM)	Output Tax (RM) 6%
<i>Supplies to Outside Group</i>	<i>Standard Rate</i>	<i>10,000</i>	<i>600</i>
	<i>Zero Rate Local</i>	<i>3,000</i>	<i>Nil</i>
	<i>Zero Rate Export</i>	<i>1,000</i>	<i>Nil</i>
	<i>Exempt</i>	<i>N/A</i>	<i>N/A</i>
	<i>Supplies with GST Relief</i>	<i>1,000</i>	<i>Nil</i>
<i>Supplies Within Group</i>	<i>Standard Rate</i>	<i>10,000</i>	<i>Nil (Disregarded)</i>
	<i>Zero Rate</i>	<i>Nil</i>	<i>Nil</i>
<i>Adjustment</i>	<i>Bad Debt Recovered</i>	<i>500</i>	<i>30</i>
	<i>Other Adjustments</i>	<i>Nil</i>	<i>Nil</i>
Total		25,500	630

Example 15: Member A (GST ID No.):

Summary of Total Input Acquired for Taxable Period January 2014

Types of Supply	Input	Input Amount (RM)		Input Tax (RM) 6%
Supplies from Outside Group	Standard Rate	Other inputs	Capital goods	6,480
		8,000	100,000	
	Zero Rate Local	1,000		Nil
	Exempt	1,000		Nil (Exempt)
	Supplies with GST Relief	N/A		N/A
	Goods Imported Under Special Scheme	N/A		N/A
	GST on Imports	Nil		Nil
Supplies Within Group	Standard Rate	6,000		Nil (Disregarded)
	Zero Rate	500		Nil
Adjustment	Bad Debt Relief	1,000		60
	Other adjustments	Nil		Nil
Total		117,500		6,540
Net Tax Payable/(Claimable)		(5,910) [Output Tax – Input Tax = 630 – 6,540]		

Example 16: Member B (Approved Trader Scheme No.):

Summary of Total Output Supplied for Taxable Period January 2014

Types of Supply	Output	Output Amount (RM)	Output Tax (RM) 6%

<i>Supplies to Outside Group</i>	<i>Standard Rate</i>	<i>100,000</i>	<i>6,000</i>
	<i>Zero Rate Local</i>	<i>10,000</i>	<i>Nil</i>
	<i>Zero Rate Export</i>	<i>2,000</i>	<i>Nil</i>
	<i>Exempt</i>	<i>N/A</i>	<i>N/A</i>
	<i>Supplies with GST Relief</i>	<i>Nil</i>	<i>Nil</i>
<i>Supplies Within Group</i>	<i>Standard Rate</i>	<i>Nil</i>	<i>Nil</i>
	<i>Zero Rate</i>	<i>Nil</i>	<i>Nil</i>
<i>Adjustments</i>	<i>Bad Debt Recovered</i>	<i>Nil</i>	<i>Nil</i>
	<i>Other adjustments</i>	<i>Nil</i>	<i>Nil</i>
<i>Total</i>		<i>112,000</i>	<i>6,000</i>

Example 17: Member B (Approved Trader Scheme):

Summary of Total Input Acquired for Taxable Period January 2014

Types of Supply	Input	Input Amount (RM)		Input Tax (RM) 6%
<i>Supplies from Outside Group</i>	<i>Standard Rate</i>	<i>Other inputs</i>	<i>Capital goods</i>	3,000
		50,000	Nil	
	<i>Zero Rate Local</i>	3,000		Nil
	<i>Exempt</i>	6,000		Nil (Exempt)
	<i>Supplies with GST Relief</i>	Nil		Nil
	<i>Goods Imported Under Special Scheme</i>	2,000		120 (Suspended)
	<i>GST on Imports</i>	Nil		Nil
<i>Supplies Within Group</i>	<i>Standard Rate</i>	4,000		Nil (Disregarded)
	<i>Zero Rate</i>	N/A		N/A
<i>Adjustments</i>	<i>Bad Debt Relief</i>	Nil		Nil
	<i>Other adjustments</i>	Nil		Nil
Total		65,000		3,000
Net Tax Payable/(Claimable)		3,000 [Output Tax – Input Tax = 6,000 – 3,000]		

Example 18: Representative Member (GST ID No.):

Summary of Total Output Supplied for Taxable Period January 2014

Types of Supply	Output	Output Amount (RM)	Output Tax (RM) 6%
<i>Supplies to Outside Group</i>	<i>Standard Rate</i>	<i>100,000</i>	<i>6,000</i>
	<i>Zero Rate Local</i>	<i>10,000</i>	<i>Nil</i>
	<i>Zero Rate Export</i>	<i>2,000</i>	<i>Nil</i>
	<i>Exempt</i>	<i>N/A</i>	<i>N/A</i>
	<i>Supplies with GST Relief</i>	<i>3,000</i>	<i>Nil</i>
<i>Supplies Within Group</i>	<i>Standard Rate</i>	<i>5,000</i>	<i>Nil (Disregarded)</i>
	<i>Zero Rate</i>	<i>Nil</i>	<i>Nil</i>
<i>Adjustments</i>	<i>Bad Debt Recovered</i>	<i>Nil</i>	<i>Nil</i>
	<i>Other adjustments</i>	<i>Nil</i>	<i>Nil</i>
Total		120,000	6,000

Example 19: Representative Member (GST ID No.):

Summary of Total Input Acquired for Taxable Period January 2014

Types of Supply	Input	Input Amount (RM)		Input Tax (RM) 6%
Supplies from Outside Group	Standard Rate	Other inputs	Capital goods	3,000
		50,000	Nil	
	Zero Rate Local	3,000		Nil
	Exempt	6,000		Nil (Exempt)
	Supplies with GST Relief	Nil		Nil
	Goods Imported Under Special Scheme	N/A		N/A
	GST on Imports	Nil		Nil
Supplies Within Group	Standard Rate	10,000		Nil (Disregarded)
	Zero Rate	1,500		Nil
Adjustments	Bad Debt Relief	Nil		Nil
	Other adjustments	Nil		Nil
Total		70,500		3,000
Net Tax Payable/(Claimable)		3,000 [Output Tax – Input Tax = 6,000 – 3,000]		

112. The Representative Member is also required to maintain the following records:

- (a) a consolidated monthly record on all inputs (purchases and acquisitions), outputs (sales and disposal other than sales) and GST payable/claimable of all members of the group;
- (b) copies of individual member's monthly summary on total inputs (purchases and acquisitions), outputs (sales and disposal other than sales) and GST payable/claimable; and
- (c) monthly GST returns in respect of the GST group.

Example of GST group's consolidated monthly record is shown below:

Example 20: Representative Member (GST Group ID No.):

Consolidated Monthly Record on Total Inputs and Outputs of All Group Members

for Taxable Period: January 2014

	Supply of Output to Recipients Outside GST Group						Acquisition from Suppliers Outside GST Group									Net Tax Payable/ (Claimable) by Members
	Total Standard Rate Output	Total GST Relief Output	Total Zero Rate Output		Adjustment	Total Output Tax 6%	Total Standard Rate Input		Total Zero Rate Input	Total Exempt Input	Total GST Relief Input	Total Imported Value Under Special Scheme	GST on Imports	Adjustment	Total Input Tax 6%	
	(RM)	(RM)	Local	Export			Other Inputs	Capital Goods	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)
Rep Member	100,000	3,000	10,000	2,000	Nil	6,000	50,000	Nil	3,000	6,000	Nil	N/A	Nil	Nil	3,000	3,000
Member A	10,000	1,000	3,000	1,000	500	630	8,000	100,000	1,000	1,000	Nil	N/A	Nil	1,000	6,540	(5,910)
Member B(ATS)	100,000	Nil	10,000	2,000	Nil	6,000	50,000	Nil	3,000	6,000	Nil	2,000	120	Nil	3,000	3,000
Member C	200,000	Nil	30,000	Nil	Nil	12,000	10,000	Nil	10,000	5,000	Nil	N/A	Nil	Nil	600	11,400
Member D	50,000	Nil	20,000	Nil	Nil	3,000	20,000	Nil	5,000	2,000	Nil	N/A	Nil	Nil	1,200	1,800
Total	460,000	4,000	73,000	5,000	500	27,630	138,000	100,000	22,000	20,000	Nil	2,000	120	1,000	14,340	13,290
Net Tax Payable/ (Claimable) by group	13,290 (Output Tax – Input Tax)															

Joint Venture

113. A Joint Venture formed to undertake petroleum upstream activity under the Production Sharing Contract (PSC) is approved for registration under GST joint venture. For more information, please refer to the GST Guide on Petroleum Upstream Activities.

Records to Keep

114. The Venture Operator and the Venturers are required to maintain their respective records as follows:

- (a) The Venture Operator:
 - (i) Production Sharing Contract, Joint Operating Agreement, Budget and Work Programs and other related documents for the joint venture;
 - (ii) purchase and sales invoices in the name of the venture operator for the joint venture. Other related documentary evidences of such purchases or acquisitions and sales;
 - (iii) joint interest billings issued to all venturers; and
 - (iv) monthly quantity records of crude petroleum or raw gas being uplifted from oil or gas wells by the respective venturers.
- (b) The Venturers:
 - (i) tax invoices on the supply of goods and services to the venture operator with respect to the JV. Documentary evidences of such supply to the venture operator. (The venturer can claim input tax on acquisitions made by him for the JV); and
 - (ii) tax invoices on the supply of crude petroleum or raw gas being uplifted from oil or gas wells. (The venturer is to account and pay for the output tax [GST] on the supply of such goods to his customers).

OTHER CASES

115. Other cases on issuance of tax invoice and record keeping include:

Agents

116. An agent may buy or sell goods and services on behalf of a principal either in the name of the principal or in his own name.

117. If an agent sells goods and services on behalf of the principal, the principal is the seller and not the agent. In such a case, an agent should not issue a tax invoice in his own name to the buyer. However, in certain cases, an agent is allowed to issue tax invoice on behalf of the principal provided that it is issued in the name of the principal.

118. If an agent buys goods and services on behalf of the principal, the principal is the buyer and not the agent. In such a case, the tax invoice must show the principal's details, i.e. the tax invoice should be issued to the principal.

119. In the case of an agent who buys or sells goods and services in his own name, he is the buyer or the seller. If the agent is a registered person, he must issue a tax invoice in his own name.

120. If the agent is a registered person, he must issue a tax invoice to claim the commission from the principal for his services as a selling or buying agent. For further information, please refer to the GST Guide on Agent.

Record Keeping

121. Besides the records mentioned in paragraph 47 to 55 of this guide, the agent must also keep a complete record of the name, address and GST number of his principals in any transaction.

Auctioneer

122. In an auction sale, the auctioneer normally acts as an agent to sell goods on behalf of the principal. Principal may include owner or financier. Although the goods will be auctioned on behalf of the principal, the auctioneer has to account for output tax for the sale of the goods if the owner is a taxable person. Invoice for the supply of the auctioned goods will also be issued by the auctioneer.

123. The types of billing document or invoice to be issued to the buyer of the auctioned goods will depend on the GST status of the owner of the goods. If the owner of the

goods is a taxable person, the auctioneer whether or not he is a registered person has to issue an invoice or a statement of sales (deemed tax invoice) as mentioned in paragraph 28 of this guide. Summary of the above scenario is as follows:

**Figure 23: : Summary of Types of Invoice Issued by Auctioneer
to buyer of auctioned goods**

SCENARIO	STATUS OF OWNER	OUTPUT TAX	AUCTIONEER	TYPES OF INVOICE
1	Taxable Person	Chargeable	Registered Person	Deemed Tax Invoice Issued by auctioneer
2	Taxable Person	Chargeable	Non-Registered Person	Deemed Tax Invoice Issued by auctioneer
3	Non-Taxable Person	Not Chargeable	Registered Person	Invoice
4	Non-Taxable Person	Not Chargeable	Non-Registered Person	Invoice

124. The services rendered by the auctioneer are taxable supplies, thus commissions earned by the auctioneer would be liable for output tax. If the auctioneer is a registered person, then he has to issue a tax invoice to claim his commission or fee from the principal for carrying out the auction. For more information, please refer to the GST Guide on Auction Services.

Record Keeping

125. An auctioneer, whether or not he is a taxable person, must maintain and keep proper records to account for all goods that he received and auctioned off on behalf of his principals who are taxable persons for at least seven years. All accounting records must be supported by related original documents and must be kept in accordance with the Generally Accepted Accounting Principles (GAAP) and provides a good audit trail. Records to be maintained by the auctioneer include:-

- (a) the names, addresses and GST number of the principals in any transaction;
- (b) date of sale;
- (c) quantity and description of each goods or property that he auctioned on behalf of each individual principal;
- (d) the auctioned price of each goods or property that he has auctioned off;
- (e) entry fee or commission he receives for each goods or property that he has auctioned off;
- (f) charges on incidental services provided to each individual principal; and
- (g) details of output tax charged and input tax claimed.

Repossession of Goods by Lender/ Financier

126. Repossession is generally used to refer to lender or financier taking back the asset/property/goods that were either used as collateral or rented or leased in a transaction. The hirer is the person who initially owns the property or goods which were later taken back by the lender or financier when he defaulted on his payment. The act of repossession is not a supply for GST purposes. When the reposessor (i.e. the person or institution which provides the financing and later repossessed the property or goods to recover the loan) sells the property or goods, he is deemed to have sold the goods on behalf of the hirer and has to account for any output tax on the sale of the repossessed goods if the hirer is a registered person. Invoice for the supply of the repossessed goods will also be issued by the reposessor.

127. The mechanism on the issuance of invoice is the same as the auctioneer in paragraphs 91 to 94 of this guide. The reposessor, whether he is a GST registered person or not, has to issue a billing document on a tax inclusive principle if the hirer of the property or goods is a GST registered person.

128. Usually, the lender/ financier may contract the work of repossession out to a repossession agent. The agent will then surrender the goods to the lender or financier. The services performed by repossession agent are taxable supplies. If the agent is a registered person, he must issue a tax invoice to claim the commission from the lender/

financier for his services as repossession agent. For further information, please refer to the GST Guide on Repossession.

129. The lender/ financier may also appoint an auctioneer to auction the property or goods on his behalf. Please refer to paragraphs 91 to 94 of the guide.

Example 21:

In a hire purchase case where the buyer (GST registered person) has defaulted on his payment, the lender/financier engaged a repossession agent (GST registered person) to take back the goods from the buyer. When the lender/financier sold off the goods, he is deemed to have sold the goods on behalf of the hirer (the buyer or the initial owner of the goods) and has to issue a statement of sales or invoice on a tax inclusive principle to the purchaser of the repossessed goods and account for output tax. Since the agent is a registered person, he has to issue a tax invoice to the financier for services rendered as a reposessor.

Record Keeping

130. The reposessor (lender/financier) or repossession agent who is a taxable or GST registered person must maintain and preserve proper accounting records and documents (including tax invoice) on all goods that he repossessed for at least 7 years in accordance with the GSTA. In addition, the records should also include the following details:

- (a) the names, addresses and GST number of the persons (hirers) whose goods were sold;
- (b) quantity and description of goods or properties that he repossessed;
- (c) the date the goods or properties were repossessed;
- (d) the date the repossessed goods were sold;
- (e) the descriptions and quantity of goods sold and the rate of tax chargeable;
- (f) the amount for which they were sold and the amount of tax charged; and
- (g) incidental expenses incurred in the repossession of goods.

Replaced Goods

131. Replaced goods for the purpose of GST may involve the following situations:

(a) Situation 1 – No Additional Charge

If you replace returned goods with similar goods, you may either:

(i) Let the original GST stands;

You need not account for GST on the replaced goods provided they are supplied free of charge.

Example 22:

Ali bought a book from ABC Book Mart Sdn. Bhd. on 03.06.2015. He returned the next day complaining of some missing pages. The seller agreed to replace the book with a new one without additional charges. In this case, the seller need not account for GST on the replaced book as there is no additional charge.

OR

(ii) If the seller decides to issue a credit note to cover the returned goods and issue a new tax invoice for the replaced goods.

Example 23:

Ali bought a book from ABC Book Mart Sdn. Bhd. on 03.06.2015. He returned the next day complaining he was given the wrong edition. The seller agreed to replace the book with the right edition without additional charges. The seller issued a credit note for the wrong edition book and raised a new tax invoice for the replaced book. In this case, the seller need not account for GST on the replaced book as there is no additional charge.

(b) Situation 2 – Reduced or Additional Charges

If the replaced goods are supplied at a lower price than the original goods, the seller may issue a credit note to account for the GST adjustment. On

the other hand, if they are supplied at a higher price, the seller may issue a debit note to account for the additional GST.

Example 24:

Ali bought a paperback novel from ABC Book Mart Sdn. Bhd. on 03.06.2015. He returned the next day, requesting to replace it with hardcover edition. The hardcover novel incurred additional charge of RM30.00. The seller may issue a debit note of RM30.00 and account for the GST. This debit note should make reference to the earlier invoice issued.

Employee Benefits

132. An employee benefit is a benefit given to an employee or an associate of employees (e.g. spouse and children). It may include any right, privilege, service or facility provided free of charge to employees. For more details, please refer to GST Guide on Employee Benefits.

133. Goods or services acquired and given as employee benefits including zero-rated goods and benefits that are subject to the RM500.00 gift rule are considered as used for business purposes and the taxable person can claim input tax incurred on the acquisition except exempted and disallowed input tax supplies.

Tax Invoice for Input Tax Claim on Employee Benefits

134. Since employee benefits are considered as supplied for GST purposes, thus any input tax incurred in acquisition of such goods or services can be claimed as input tax credit provided there is a tax invoice on the acquisition and the tax invoice must be addressed to the employer. If the tax invoice is addressed to the employee, input tax cannot be claimed.

Example 25:

Hassan, a manager of a GST registered company acquired taxable goods from a GST registered retailer. The tax invoice for the supply of these goods which were to be given as employee benefits to the company's staff was addressed to Hassan. Input tax cannot be claimed as the tax invoice should

be addressed to his employer, the GST registered company and not Hassan, the employee.

Records to Keep

135. A registered person or taxable person is required to maintain complete and up to date documents such as commercial invoices, tax invoices, vouchers, employment records and any document related to fringe benefits given to employees. It must be made available to the Director General upon request and these records must also be kept for seven years.

FREQUENTLY ASKED QUESTIONS

Q1. Can a sales receipt be accepted as a full tax invoice if it has all the particulars of a full tax invoice?

A1. Yes, if the sales receipt has all the particulars of a full tax invoice.

Q2. Ahmad, a GST registered person, supplied taxable goods to his customer (GST registered person) who used a credit card to make payment. Can the sales receipt he issued be used by the customer to claim input tax?

A2. If your customer purchase taxable goods or services and make payment using credit cards (e.g. Visa, Master Card etc), you may give the cardholder a sales receipt at the time of sale. The sales receipt may be accepted as a simplified tax invoice if it contains the details of a simplified tax invoice as approved by the Director General.

Q3. Sometimes receipts or simplified tax invoices issued by retailers are printed on thermal papers and as time goes by the print can fade. What should I do if GST audit request for these invoices?

A3. If you are a GST registered person and intent to claim input tax credit on your acquisitions, you should scan or make a photocopy of such invoices.

Q4. John, a GST registered person holds a simplified tax invoice (without recipient's name and address) from a hypermarket for goods purchased for his business. The GST amount is RM35.00 (input tax claimable is RM30.00 with such invoice). What will happen to that original tax invoice when a request is made by him for a tax invoice with his name and address for the purpose of claiming full input tax credit?

A4. In this case, the hypermarket must take back the original tax invoice, invalidate it and keep records of the cancelled tax invoice before replacing with another tax invoice stating the original tax invoice date.

Q5. I am a GST registered person and make both standard rated and exempt supply to my customer. Can I issue one tax invoice for both supplies?

A5. You can issue one tax invoice if the transaction involves both taxable and non-taxable (exempt or out of scope supply). However, you must have indicators to distinguish the different types of supply in the tax invoice.

Q6. I am a GST registered mixed supplier making standard rated supply and exempt supply. Can I issue a tax invoice for a transaction which is a wholly exempt supply?

A6. If a transaction involves wholly non-taxable supplies e.g. exempt supplies, then you have to issue a normal invoice. In this case your company needs to have two (2) set of serial numbers i.e., one set for tax invoices and another set for the normal invoices.

Q7. We are allowed to issue tax invoice in foreign currency and required to convert to Ringgit Malaysia. Do we need to convert to Ringgit Malaysia each item showed on the tax invoice? Will it be sufficient to convert the total amount (excluding GST) in Ringgit Malaysia?

A7. No, converting the total amount (excluding GST) in Ringgit Malaysia is not sufficient. The following items on the tax invoice must be converted into Ringgit Malaysia for GST purpose:

(a) Total amount payable (excluding GST);

(b) Total tax chargeable, and

(c) Total amount payable (including GST).

Q8. I am a registered second hand car dealer and also given approval under the margin scheme. In such a situation, is it true that I cannot issue a tax invoice for my sale of second hand cars?

A8. Second hand car dealer must not issue tax invoice for supply of second hand car under the Margin Scheme (issue normal invoice). However, if you supply the second hand car as a registered person (not using Margin Scheme), then you must issue a tax invoice and charge GST 6%.

Q9. Do I need to convert foreign currency to Ringgit Malaysia in the tax invoice for goods that are exported?

A9. It is not necessary to convert foreign currency to Ringgit Malaysia in the tax invoice that is issued to overseas customers.

Q10. Approved person under Flat Rate Scheme (FRS) must submit annual sales statement. Is this annual sales based on calendar year or financial year?

A10. The annual sales should be based on calendar year.

Q11. Do I need to issue tax invoice for deposit or part payment if it is part of the consideration?

A11. Yes, you have to issue a tax invoice.

Q12. With reference to question no.7, can I claim input tax for deposit or part payment made?

A12. Yes, you can claim input tax on deposit or part payment made provided a tax invoice has been issued.

Q13. Is the service charge stated in my hotel's bill subject to GST?

A13. Service charge is a charge for the supply of services by the hotel. Therefore, it is subject to GST.

Q14. I maintain an approved simplified tax invoice book (without customer's name and address) which is hand written for my sales. What should I do when my customer request to insert his name and address to enable him to claim full input tax which is more than RM30?

A14. Your approved simplified tax invoice book must have pre-printed particulars as approved by the Director General. You should only fill up the date, description of the goods, quantity, GST rate and price. In the event your customer requests to insert his name and address (if not stated in the invoice) for the purpose of claiming full input tax, then the additions should be done by the supplier on both the supplier and customer's copy (carbonized).

Q15. I have been approved to issue self-billed invoice on behalf of my suppliers. I have such billing arrangements with five (5) suppliers. Can I maintain five (5) different sets of serial numbers for each supplier?

A15. Yes, you have to maintain different sets of serial numbers for each supplier when you issue the self-billed invoice.

Q16. What exchange rate should I use for my payment on supply of imported services (reverse charge mechanism) and supply of goods (recipient accounting) under Approved Toll Manufacturer Scheme?

A16. You should use the daily selling rates of exchange prevailing in Malaysia.

Q17. Can I use credit notes to make contra payments with my customer who is also my supplier?

A17. If you are a GST registered person, you cannot issue a credit note to make contra payment. For the purpose of GST, credit note is issued if there is a change in consideration after a tax invoice has been issued for the respective supply. Contra payment does not involve a change in consideration that has been invoiced. You may issue other documents such as credit memo, remittance advice, voucher and etc. for the purpose of contra payment.

Q18. Can I issue a debit note in order to recover the GST amount during the transitional period?

A18. The amount shown on the debit note which is issued on or after 1 April 2015, to adjust for invoices issued before 1 April 2015, is deemed to be part of the total consideration of the supply.

Q19. Referring to examples of tax invoices in Figure 2, 3, 7 & 8 of the Tax Invoice and Record Keeping guide, is it compulsory to state the GST summary in the tax invoice?

A19. It is not compulsory. However, for Figure 7 & 8, if you have been approved by the Director General to issue a tax inclusive simplified tax invoice, then you have to state the amount of GST charged.

Q20. Do I need to issue a tax invoice on goods or services given to my staff as employee benefits?

A20. Basically, all services given free to your staff as employee benefits are not subject to GST and therefore, tax invoice need not be issued. However, goods given to your employee as employee benefits for purposes other than business are subject to GST if the value of the goods is more than RM500 but you have an option whether to give or not the tax invoice and you have to account for the output tax.

INQUIRY

1. For any inquiries for this guide please contact:

Sector VII

GST Division

Royal Malaysian Customs Department

Level 3 – 7, Block A, Menara Tulus,

No. 22, Persiaran Perdana, Presint 3,

62100 Putrajaya.

Email: gstsector7@customs.gov.my

FURTHER ASSISTANCE AND INFORMATION ON GST

2. Further information on GST can be obtained from:

(a) GST website : www.gst.customs.gov.my

(b) Customs Call Center :

- Tel : 03-7806 7200 / 1-300-888-500
- Fax : 03-7806 7599
- Email : ccc@customs.gov.my