

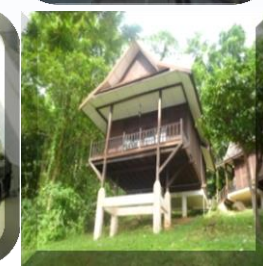
GST SEMINAR



Salient Features of GST

Date: 25 March 2014

Venue: Grand Blue Wave Hotel, Shah Alam



BRIEFING AGENDA

1

WHAT IS GST?

2

PROPOSED GST MODEL

3

BASIC ELEMENTS OF GST

4

REGISTRATION FOR GST

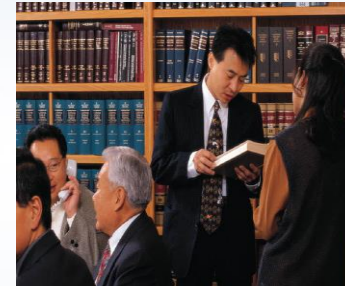
SST– Cascading effect in the same tax regime

→ Service tax at 6%



Telecommunication services

Charge : RM1,000
6% service tax: RM60



Lawyer services

Charge : RM 6,000
6% service tax: RM360



Professional engineer

Charge : RM30,000
6% service tax : RM1,800

Consumer

Consumer paid
= RM31,800

Total tax paid = RM2,220
(RM1,800 + RM360 + RM60)

GST eliminate cascading effect in the same tax regime

→ **GST at 6%**



**Telecommunication
services**

Charge : RM1,000
GST 6% : RM60



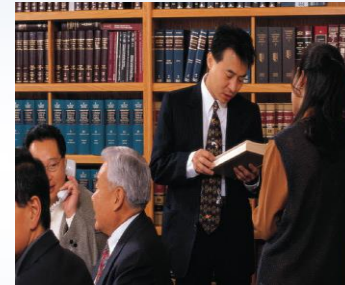
**Professional
services**



Charge : RM29,580 (RM30,000 – RM420)
6% GST : RM1,774.80



Consumer



**Lawyer
services**

Charge : RM 6,000
GST 6% : RM360



**Consumer paid
= RM31,354.80**

**Total tax paid
= RM1,774.80**

**Saving = RM445.20
(RM31,800-RM31,354.80)**

SST– Double taxation due to multiple tax

→ Product : biscuit

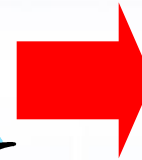
→ Sales tax at 5% dan services tax at 6%



Factory price : RM4.00
Sales tax 5% = RM0.20



Purchase price : RM4.20
Hotel selling price : RM7.20
(RM4.20 + RM3.00)
Services tax 6% = RM0.43



Consumer paid = RM7.63
(RM7.20 + RM0.43)

Sales tax of
RM0.20 paid by
the hotel is
embedded in the
selling price

Actual total tax
paid = RM0.63
(RM0.20 + RM0.43)

GST eliminated double taxation due to multiple tax

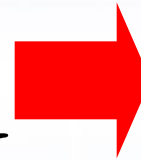
→ Product : biscuit
→ GST at 6 %



Factory price : RM4.00
GST 6% = RM0.24



Purchase price : RM4.24
Hotel selling price : RM7.00
(RM4.00 + RM3.00)
GST 6% = RM0.42



Consumer paid : RM7.42
(RM7.00 + RM0.42)
Total of GST paid : RM0.42

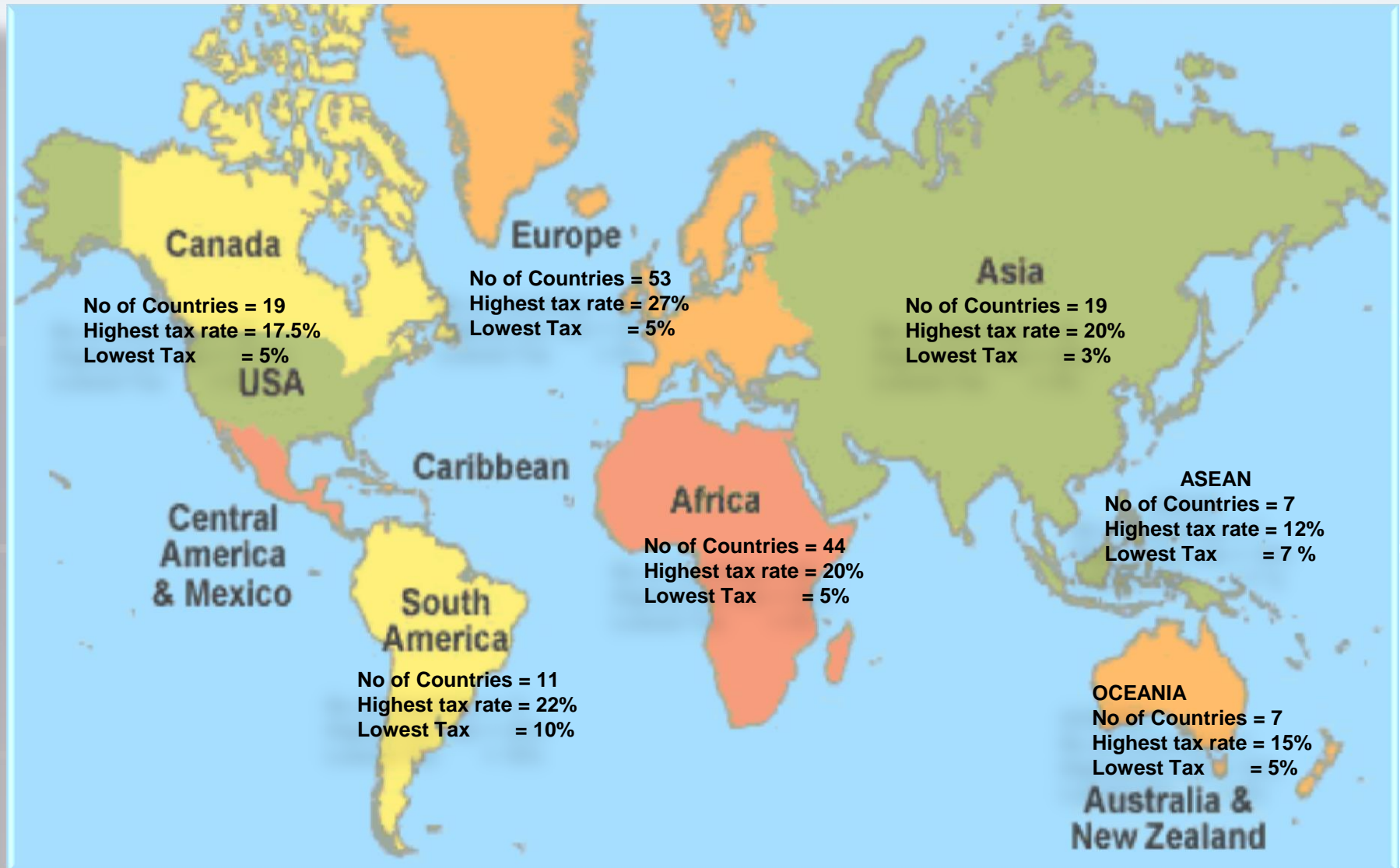
**GST of RM0.24
NOT embedded in
the selling price**

**Actual total tax
paid = RM0.42**

**Saving to consumer =
RM0.21**

WHY GST?

MOST COUNTRIES HAVE IMPLEMENTED GST / VAT → TOTAL COUNTRY = 160



VAT/GST in ASEAN countries

Country	Year	Initial Rate (%)	Current Rate (%)	Registration Threshold (National Currency)	Registration Threshold (USD)
Indonesia	1984	10	10	Rupiah 600 mil	53,000
Cambodia	1999	10	10	Riel 30 mil – 125 mil	7,000 – 31,000
Laos	2009	10	10	Lao Kip 400 mil	51,000
Philippines	1998	10	12	Peso 1.5 mil	35,000
Singapore	1993	3	7	SGD 1 mil	806,000
Thailand	1992	7	10	Baht 1.8 mil	58,000
Vietnam	1999	10	10	No threshold	-

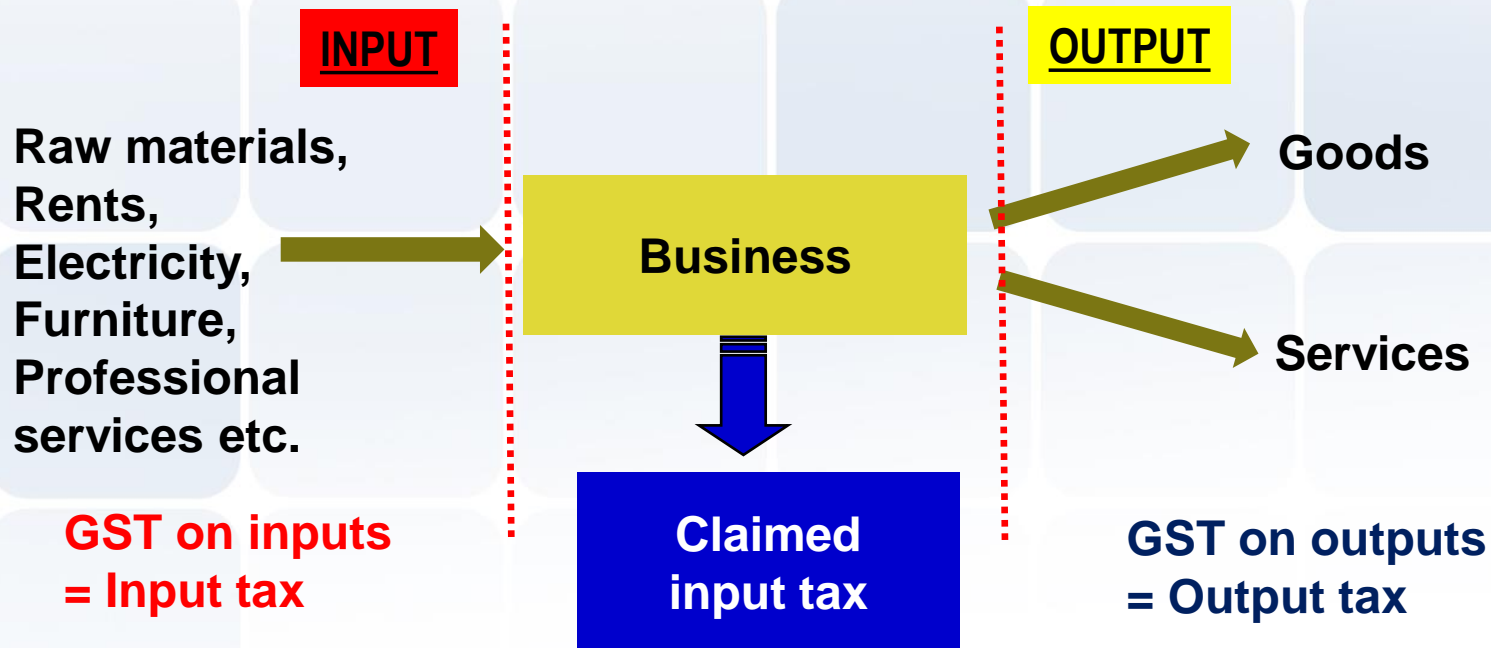
Only Brunei, Malaysia and Myanmar have not implemented VAT/GST



What is GST?

Basic principles of GST

- A consumption tax in the form of value added tax
 - ✓ each stage of business transaction up to the retail stage of distribution
- Also known as Value Added Tax (VAT)
- GST incurred on inputs is allowed as a credit to the registrant
 - ✓ offset against output tax



- **To replace current tax system**

~~Sales Tax &
Service Tax (SST)
5%, 6%, 10% & specific rate
Various threshold~~



**Goods and Services
Tax (GST)
Rate = 6 %
Threshold = RM500,000**

- **GST is charged on goods and services that are**
 - ✓ supplied in Malaysia
 - ✓ imports

2

PROPOSED GST MODEL

Types of supply	Output tax	Input tax
Standard-rated	6%	Claimable
Zero-rated	0%	Claimable
Exempted	No GST charged	Not claimable

HOW GST WORKS? - STANDARD RATED

GST AT 6%



Manufacturer



Wholesaler



Retailer



Consumer

**Manufacturer
claims back
GST on input**

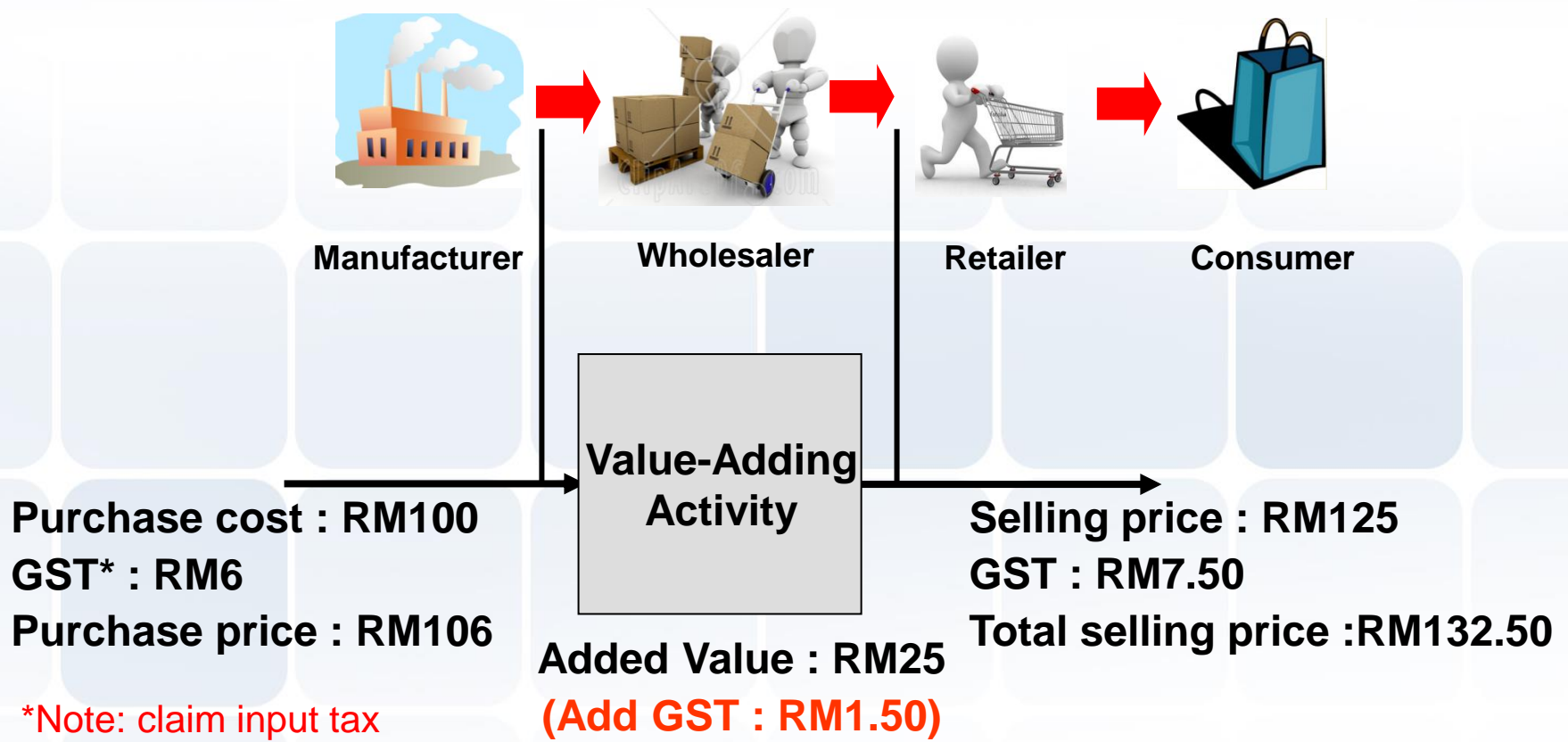
**Wholesaler
claims back
GST on input**

**Retailer
claims back
GST on input**

**Consumer
pays
6%
GST only**

HOW GST WORKS? - STANDARD RATED

Delivery / supply chain



GST Mechanism (standard rate)

- Tax computation on **STANDARD RATED SUPPLY**

Business Entity	Sales (RM)	Tax on Output (RM)	Tax on Input (RM)	Net Tax Paid (RM)
Supplier	10.00	0.60	0	0.60
Manufacturer	50.00	3.00	0.60	2.40
Wholesaler	70.00	4.20	3.00	1.20
Retailer	100.00	6.00	4.20	1.80
GST collected by the Government				6.00

GST rate at 6%

Final consumer pays RM106.00

Proposed GST model – standard rated supply



Standard Rate

HOW GST WORKS? - ZERO RATED

GST AT 0%



Manufacturer



Wholesaler



Retailer



Consumer

**Manufacturer
claims back
GST on input**

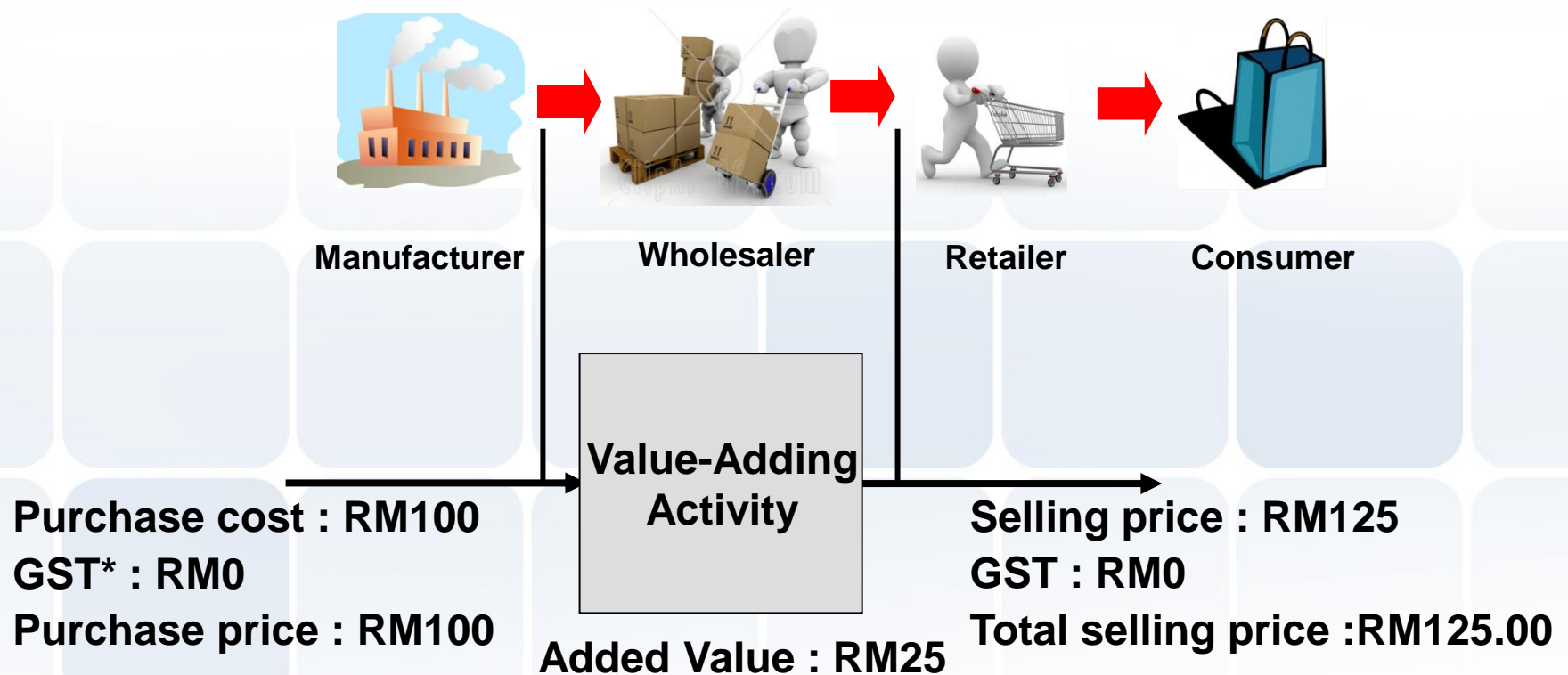
**Wholesaler
claims back
GST on input**

**Retailer
claims back
GST on input**

**Consumer
does not
pay any
GST**

HOW GST WORKS? - ZERO RATED

Delivery / supply chain



*Note: claim input tax

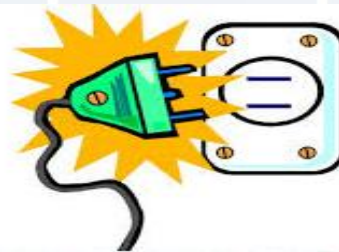
Proposed GST model – Zero rated supply



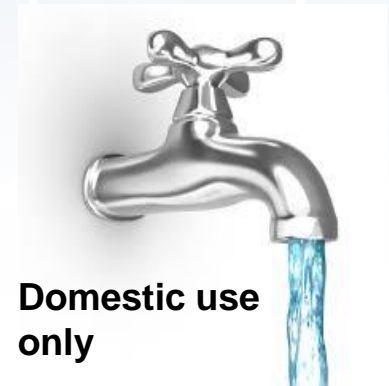
Infant milk



Exported goods and services



200 units a month-
domestic use
only

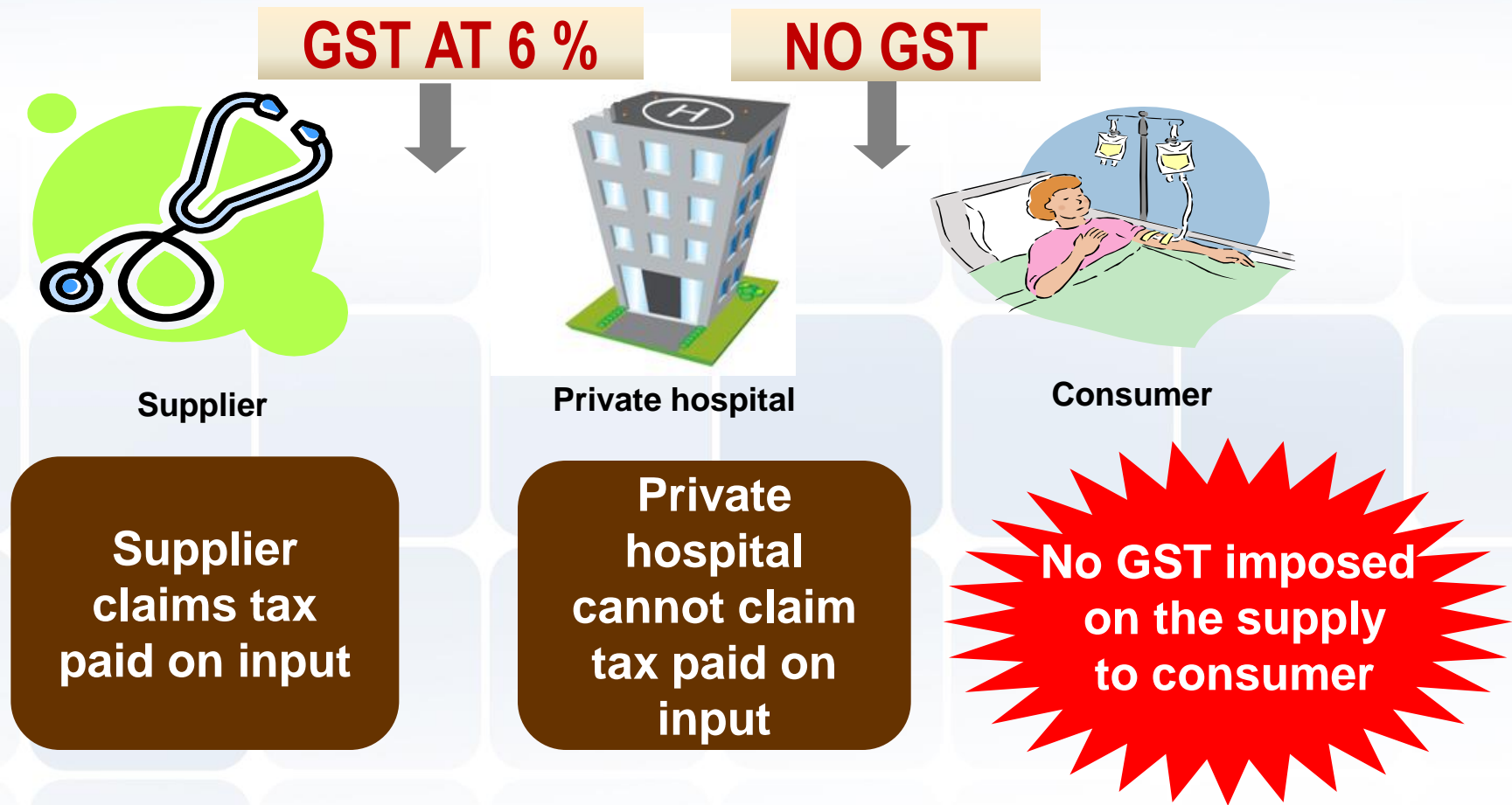


Domestic use
only



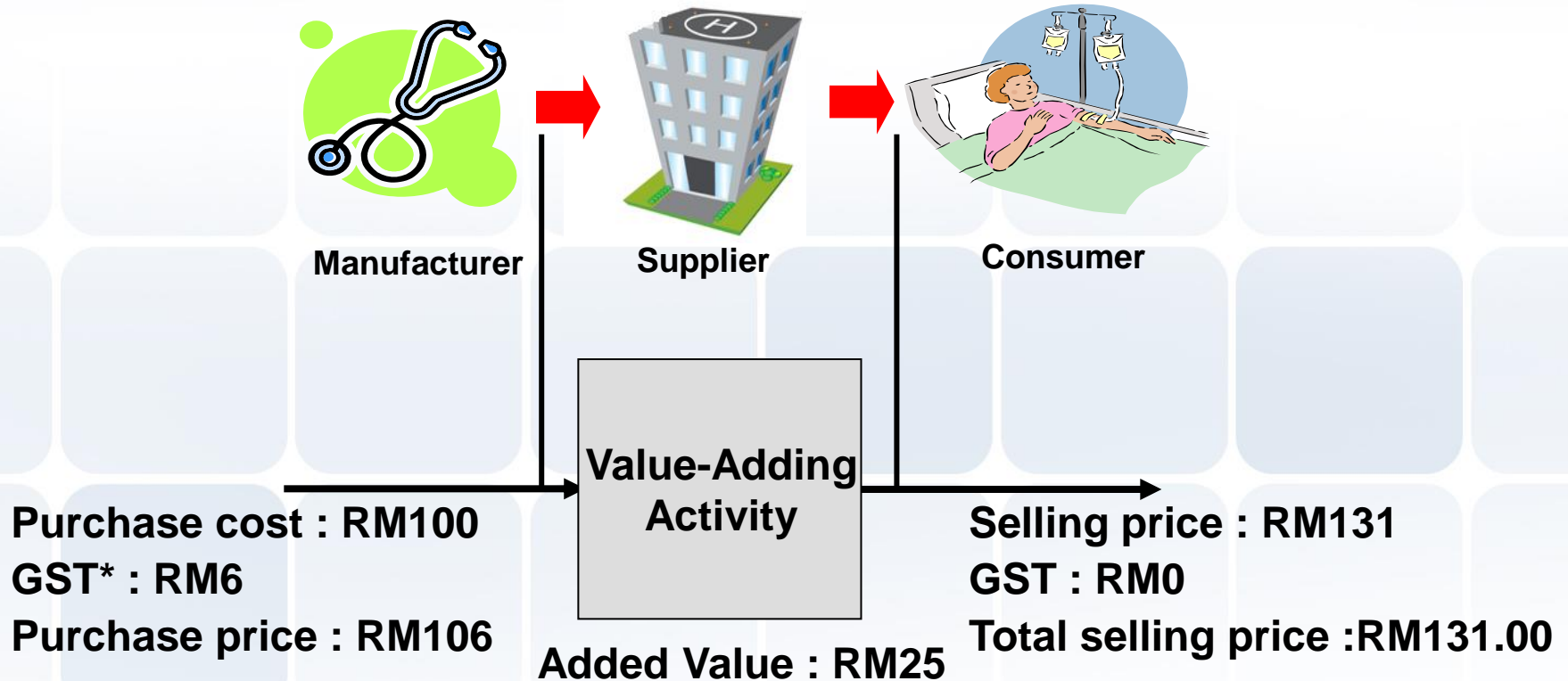
PROPOSED GST MODEL

HOW GST WORKS? - EXEMPT



HOW GST WORKS? - EXEMPT

Delivery / supply chain

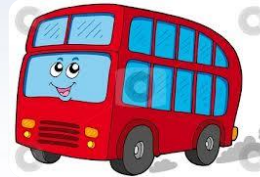


*Note: cannot claim input tax

Proposed GST model – Exempt supply



HEALTH AND EDUCATION SERVICES



BUS

TRANSPORTATION
-school, express, stage



WATER TRANSPORTATION
-ships, ferries and boats



TOLLS



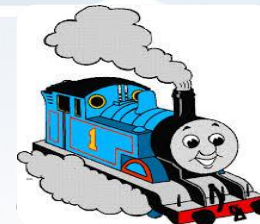
TAXIS



RESIDENTIAL HOUSES



FINANCIAL SERVICES



RAIL TRANSPORTATION :
KTM, ERL, LRT, Monorail



LAND FOR PUBLIC USE

Proposed GST model – Supply by Government

	Federal & State Government	Local Authority & Statutory Body
Out of Scope	<p>All supplies by Federal & State government</p>	<p>Supplies made in the regulatory and enforcement (R&E) functions</p> <p><i>Eg. Assessment rate collection, issuance of licenses, penalty</i></p>
Subject to GST	<p>Supplies that have been directed by Minister in the GST (Government Taxable Supply) Order</p> <p><i>Eg. Supply made by RTM, Prison Department</i></p>	<p>Non R&E functions</p> <p><i>Eg. Business activities such as rental facilities, garbage collection and etc.</i></p>
Acquisitions	<ul style="list-style-type: none"> ▪ Need to pay GST on their acquisitions ▪ Relief on selected goods 	<ul style="list-style-type: none"> ▪ Need to pay GST on their acquisitions ▪ Relief on selected goods

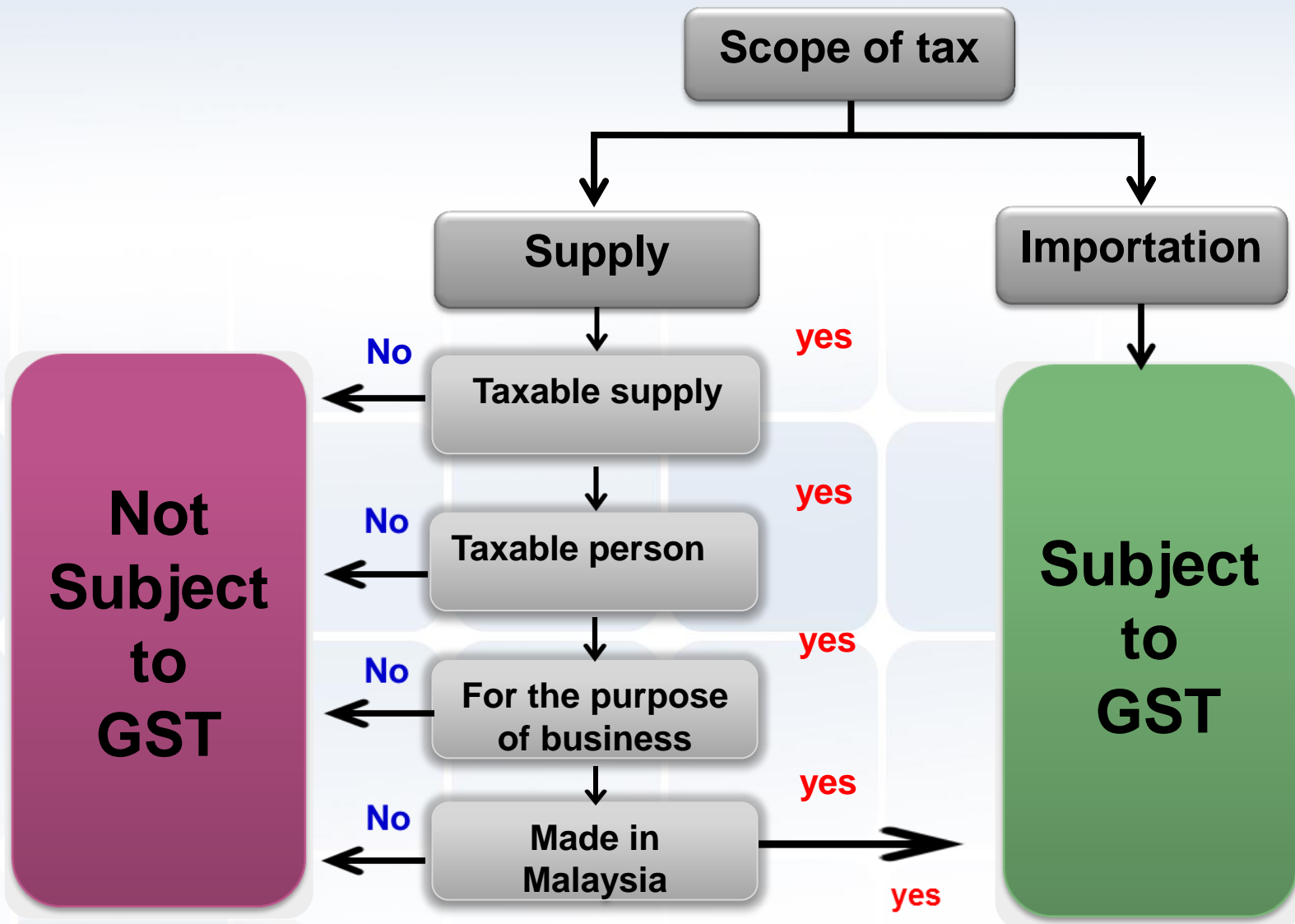
3

BASIC ELEMENTS OF GST

Scope and charge

- GST is charged on
 - ✓ the **taxable supply** of goods and services
 - ✓ made by a **taxable person**
 - ✓ in the course or furtherance of **business**
 - ✓ **in Malaysia**
- GST is charged on the imported goods/services

BASIC ELEMENTS OF GST



Meaning of person

- Individual, corporation, Federal Government, State Government, statutory body, local authority, society, trade union, co-operative society, trust, partnership and any other body, organisation, association or group of persons, whether corporate or unincorporated

Scope

- Includes natural and juridical persons
- individual, sole proprietor and partnership
- company, club, association, society, co-operative, trade union, non profit body and unincorporated bodies
- trust, trustee, executor, administrator and joint venture
- Federal Government, State Government, statutory body and local authority

Meaning of a taxable person

- a person who is or is required to be registered under GST

GST Bill

- defines a supply as “all forms of supply”
- includes imported services
- done for ‘**consideration**’
- anything which is not supply of goods is supply of services
- does not include money

Supplies not subject to GST

- cash donation or grants where a person does not get benefit
- compensation or liquidated damages
- disbursements, dividends, loan repayments or capital injection
- transfer of business as a going concern
- contribution to pension, provident or social security fund

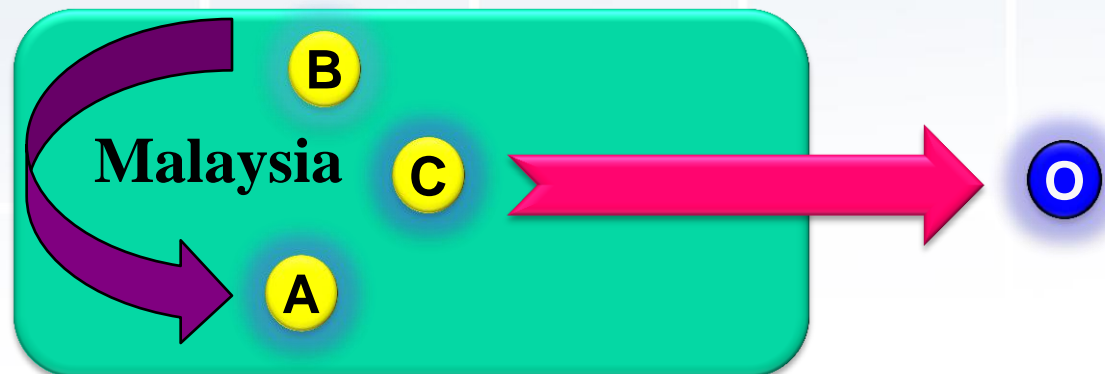
Place of supply

- to determine whether a supply is made in Malaysia or not
- different rules for supply of goods and supply of services

Rules for supply of goods

Goods treated as supplied in Malaysia

- Sec.12(2) - removal from a place in Malaysia to another place in Malaysia (local supply)
- Sec.12(3) - removal from a place in Malaysia to a place outside Malaysia (export)



Goods treated as supplied outside Malaysia

- **Sec.12(2)** - removal from a place outside Malaysia to another place outside Malaysia (out of scope)
- **Sec.12(3)** - removal from a place outside Malaysia to a place inside Malaysia (import)



Sec.12(4) - Rules for supply of services

- **Services treated as supplied in Malaysia if**
 - ✓ **the supplier belongs in Malaysia**

- **Services treated as supplied outside Malaysia if**
 - ✓ **the supplier belongs in a country other than Malaysia**

Place of supply of services

Sec.14(1) - Supplier treated as belonging in Malaysia if :

	MALAYSIA	OTHER COUNTRY	
Business / Fixed Establishment	YES	NO	Supplier belongs in Malaysia
Usual place of residence	YES	NO	Supplier belongs in Malaysia
Business / Fixed Establishment	YES	YES	Supplier belongs in Malaysia if the supply of the business is most directly concerned with Malaysia

Place of supply of services

Business establishment

- head office or principal place of business

Fixed establishment

- a branch or agency through which business is carried out

Usual place of residence

- for body corporate, the place of incorporation or legally constituted (registered office)
- for unincorporated body, the place where centre of administration is located
- for individual, where he sets up home with family and is in full time employment

Time of Supply

What is Time of Supply

- Refers to the time when a supply is made
- Often referred as the 'tax point'

Why is it important?

- It determines when a taxable person should account for GST in the return

Time of supply

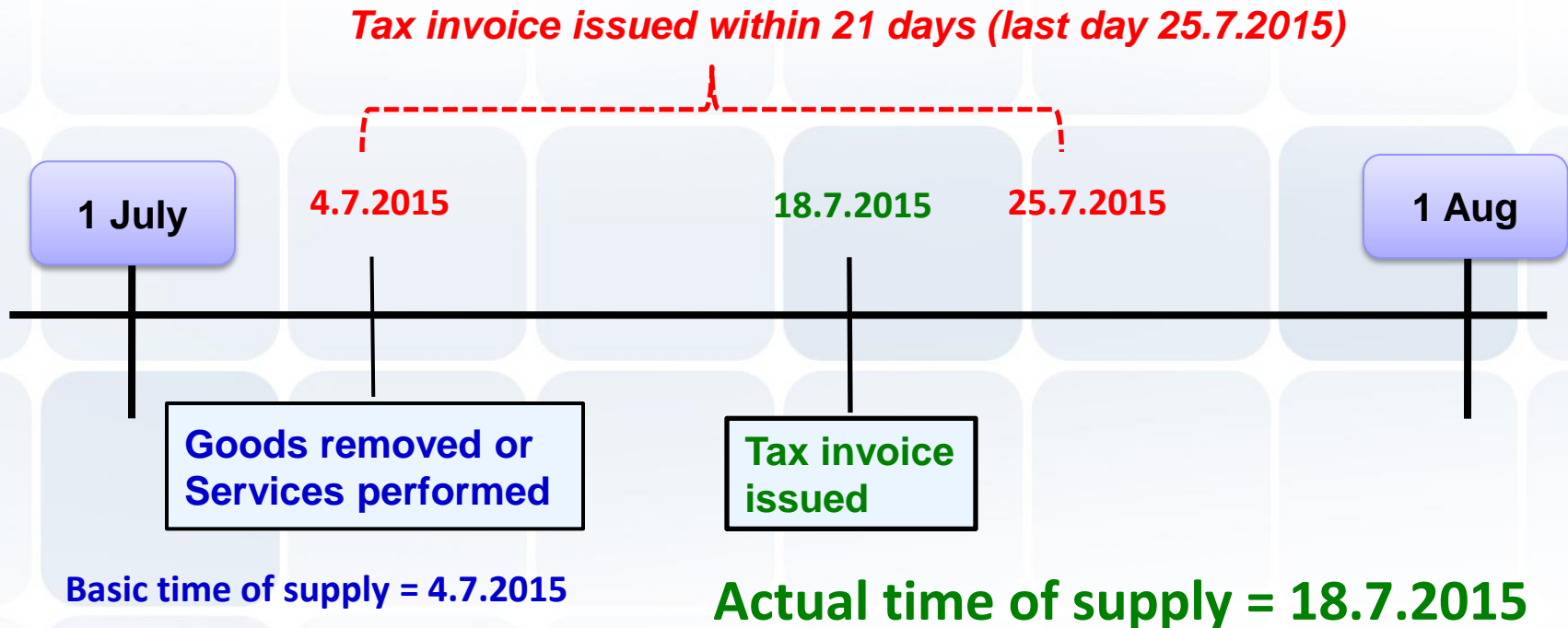
- **Basic Tax Point**
 - **basic tax point** for supply of goods
 - (a) at the time the goods are **removed**;
 - (b) at the time when the goods are **made available**
 - (c) at the time when the supply becomes certain or twelve months after the removal, whichever is the earlier.
 - **basic tax point** for supply of services
 - at the time when the services are **performed**.

TIME OF SUPPLY

Time of supply

■ 21 days rule

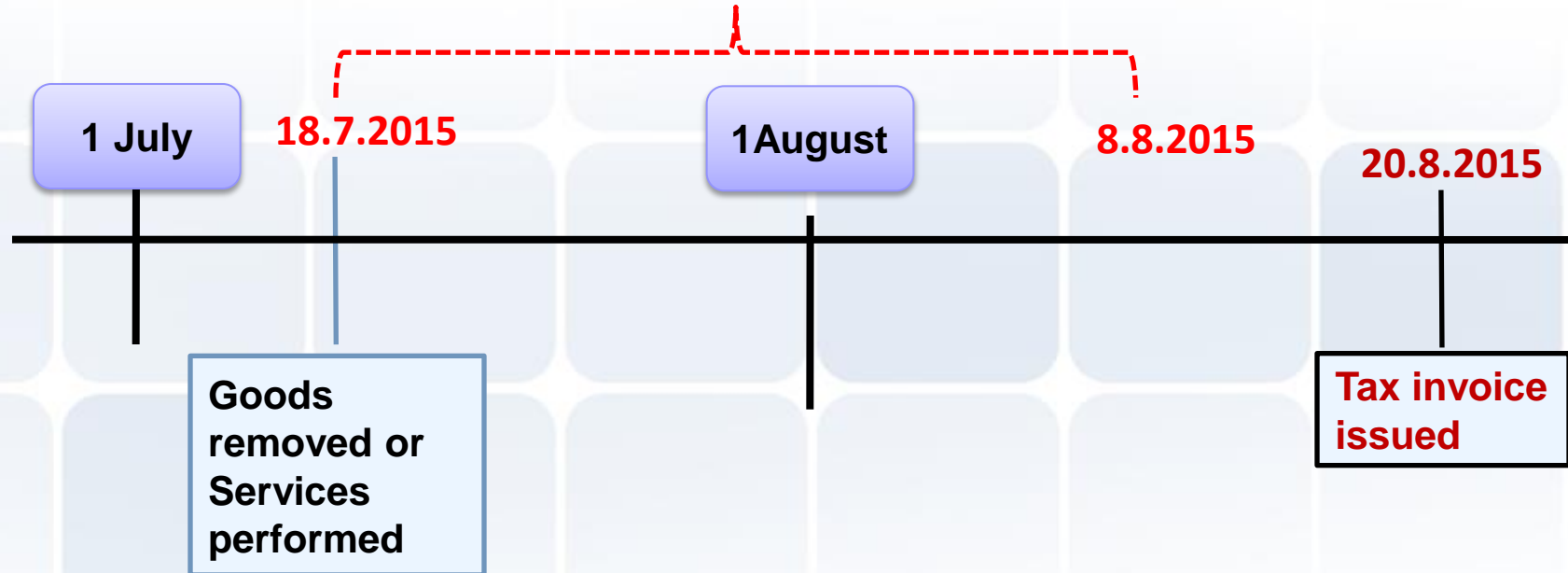
if tax invoice is issued within 21 days after the basic tax point, then time of supply is the time of the tax invoice



Time of supply

- if tax invoice is issued after 21 days , then time of supply will fall on basic tax point.

Period of 21 days from basic tax point (last day 8.8.2015)



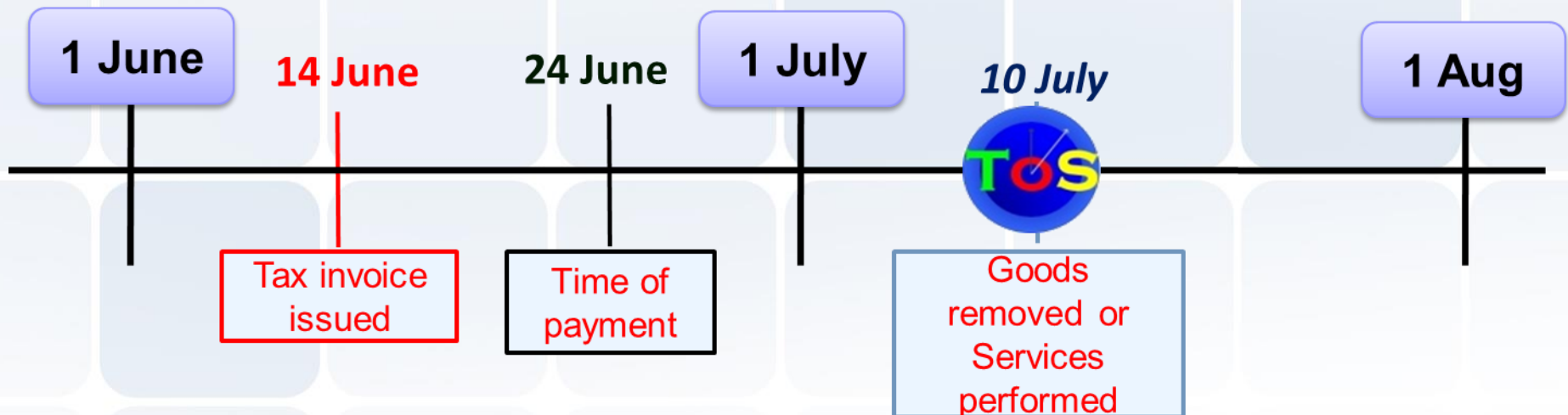
Basic Tax Point = 18.7.2015

Actual time of supply = Basic Tax Point = 18.7.2015

Time of supply

■ Events before basic tax point

Time of Supply → when the **payment is received** or **tax invoice is issued** to the extent covered by the invoice or payment, whichever is the earlier.



Basic tax point 10.7.2015

Value of Supply

Value of supply (consideration in money)

Value of supply shall be taken to be an amount, with the addition of GST chargeable, equal to the consideration

Value = consideration (money) – GST portion

Tax Fraction = Rate / (100 + rate) = 6 / 106

$$V = C - T$$

E.g. A sells printer to B and receives RM260

Value of supply = consideration – GST

$$= \text{RM}260 - (6/106 \times \text{RM } 260)$$

$$= \text{RM}260 - \text{RM}14.72 = \underline{\text{RM}245.28}$$

♦ GST = RM14.72

♦ VALUE OF THE PRINTER = RM 245.28

Value of supply

- Value of supply (consideration not in money)

Value = open market value (OMV)

- Value of imported goods

Value = value for customs duty + any customs duty paid + any excise duty paid

- Value of imported services

Value = payment paid

- Value of supply is not for consideration

Value = OMV of supply



Registration

Registration

GST Portal Main Page - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Home Search Favorites

Address <http://www.gst.customs.gov.my/portal/page/portal/MYGSET> Go Links

Official Website
Malaysian Goods and Services Tax (GST)
 Royal Malaysian Customs

Home Contact Us Glossary Site Map Search All for GO

ABOUT GST

FOR CONSUMERS

FOR INDUSTRIES

RESOURCES

How does GST work?

Businesses making taxable supplies have to be registered under GST if their annual sales turnover has exceeded the prescribed threshold. Only a registered person can charge and collect GST on the tax...

What is GST? How does GST work? What you need to do

GST HIGHLIGHTS

FAQ

FEEDBACK

GST OFFICES

LOGIN

• Login to GST Portal

ONLINE SERVICES

• e-Registration
• Online Enquiry
• e-Complaint

e-NEWS

Monday, 06 September 2010
GST: Assurance on Prices

Monday, 06 September 2010
GST expected to have little impact on inflation

• Subscribe to e-News
• Unsubscribe from e-News

GST FORMS/TEMPLATES

• GST Forms
• GST Templates

EVENT/TRAINING CALENDAR

October-2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2

e-Poll

Do you agree that GST should be implemented in Malaysia?
(Choose one answer)

☐ Agree
☐ Disagree
☐ Not sure

Vote

Done Internet

start SME.JB. 16.6.10 Microsoft PowerPoint ... GST Portal Main Page... Search Desktop 4:34 PM

www.gst.customs.gov.my

Registration



Official Website
MALAYSIA GOODS & SERVICES TAX (GST)
Royal Malaysian Customs Department



**TAXPAYER
ACCESS POINT**
A BETTER TAX SYSTEM 

Menu

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[Back](#)

MLS

RunDate: 18-Apr-2021

Navigation

[Home](#)



Common Questions

- » [What is TAP?](#)
- » [What Can I Do In TAP?](#)
- » [Why Should I Sign Up?](#)

Language

- » [English](#)
- » [Malay](#)



Login



Manage Registrations

Email Address

Password

» [Forgot My Password](#)

Login

Sign up

- » [Register For GST](#)
- » [Retrieve Saved Request](#)
- » [Lookup Registration Status](#)
- » [Apply for Registration Exemption](#)
- » [Apply for Flat Rate Scheme](#)

Liability to Register

- Any person who makes taxable supply of goods and services in Malaysia
- Registration is mandatory for businesses with turnover that has exceeded the prescribed threshold of RM500,000
- Calculation of turnover for registration is based on the total value of the taxable supplies for a 12 month period

The determination of threshold Taxable Turnover:

Includes

- ✓ Standard Rated Supplies
- ✓ Zero Rated Supplies
- ✓ Deemed Supplies such as private use, etc.

Excludes

- ✓ Exempt Supplies
- ✓ Sale of Capital Assets
- ✓ Imported Services
- ✓ Out of scope
- ✓ Designated areas

- **Determination of taxable turnover**
 - ✓ **historical turnover** (based on the total value of taxable supplies of the current month and the preceding 11 months)

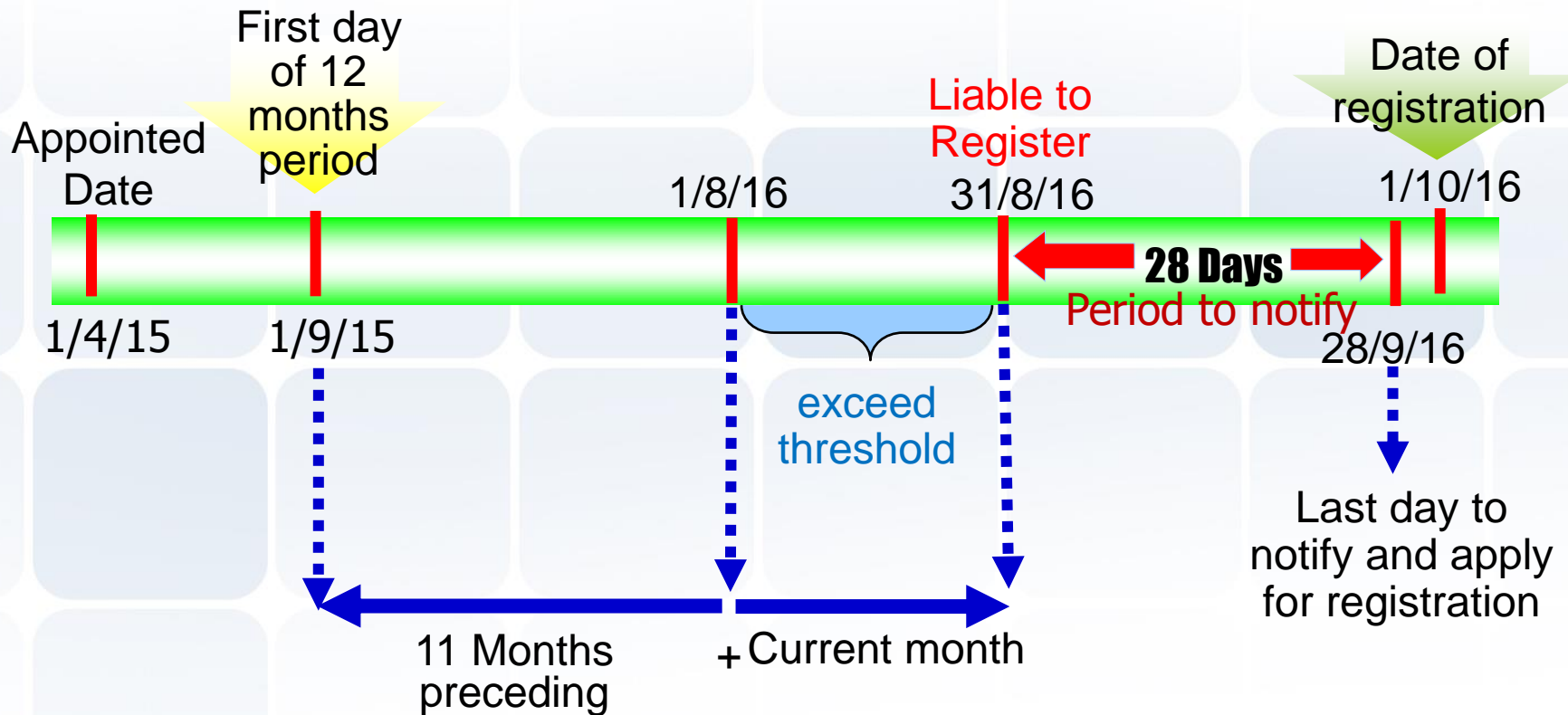
OR

- ✓ **future turnover** (based on the total value of taxable supplies of the current month and the next 11 months)

Notification of Liability & Application to Register

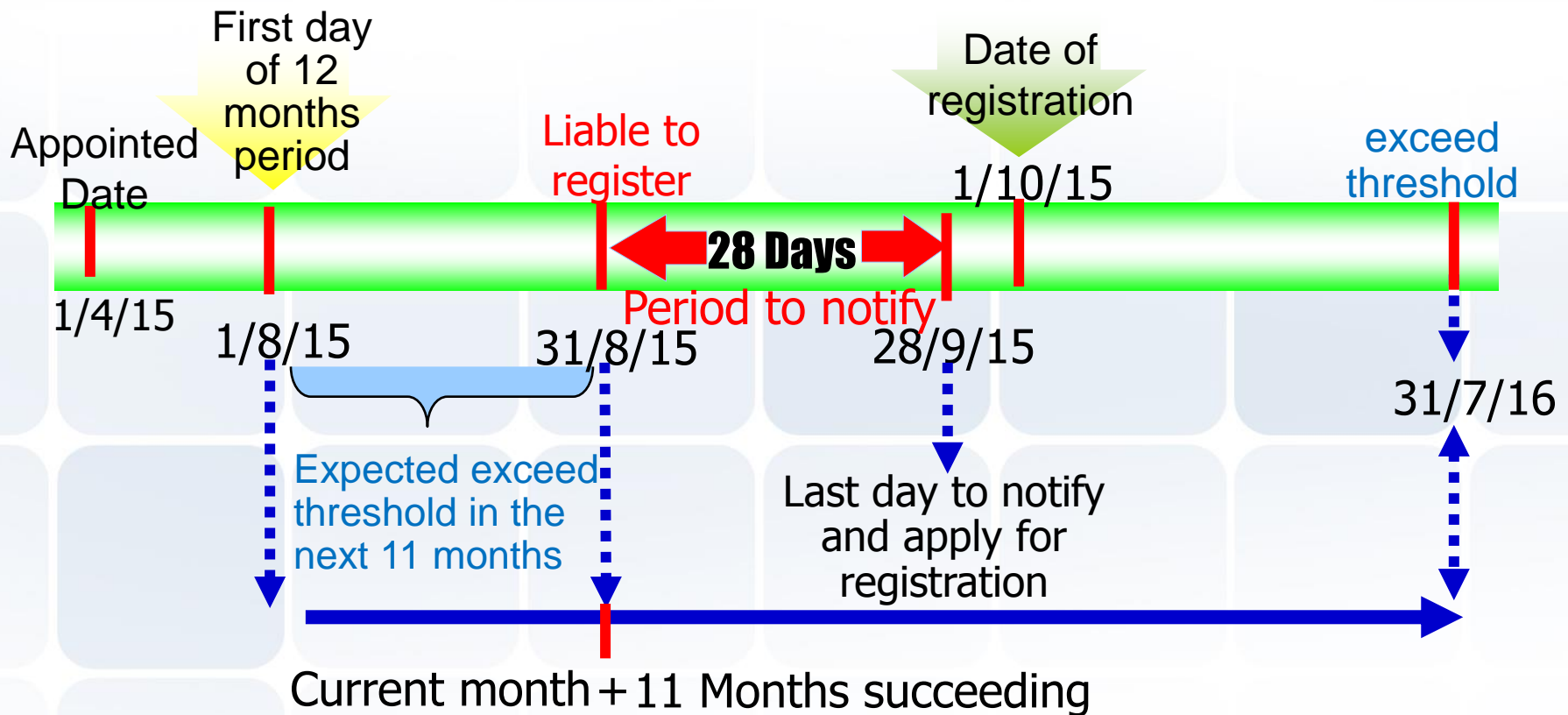
- To apply for registration within 28 days from the end of the month where taxable turnover exceeds or expect to exceed RM500,000
- Effective date of registration will be on the 1st day of the following month
- Pre-Registration before implementation of GST
 - application to be made 3 months before implementation date
 - pre-registration exercise begins 6 months before implementation date

The determination of threshold Historical Method illustration (applicable after appointed date)



The determination of threshold

Future Method illustration (applicable after appointed date)



Voluntary Registration

- **Businesses below threshold may apply for voluntary registration**
- **Once registered – must remain in the system for at least 2 years**

Late Registration

A person who is late in applying for registration will be liable to pay a late registration penalty from the date he should have been registered to the date immediately before the date he is so registered, and this period is referred to as the **late registration period.**

Late Registration

- Subject to late registration penalty on number of days late
- Subject to late payment penalty based on tax due
- Effective date of registration for late registration is the date of application

Late Registration Period (Days)	Cumulative (RM)
1 – 30	200
31 – 60	450
61 – 90	750
91 – 120	1100
121 – 150	1500
151 – 180	1950
181 – 210	2450
211 – 240	3000
241 – 270	3600
271 – 300	4250
301 – 330	4950
301 - 360	5700
Exceeding 360	6500

Late Registration

Example:

Date exceeds threshold

- 15th May 2017

Liable to register

- 1st June to 28th June 2017

Should be registered

- 1st July 2017

Apply for registration

- 1st January 2018

Late registration period : 1st July to 31st Dec. (184 days)

Late registration penalty : RM 2,450.00

As a registered person, what are my responsibilities?

Must comply with the requirements under the GST legislation as follows:

- i. **account for GST** on taxable supplies made and received
- ii. **submit GST return (GST-03)** and pay tax not later than the last day of the following month after the taxable period;
- iii. issue **tax invoice**

- iv. **inform Customs of the cessation of business** within thirty days from the date of business cessation;
- v. **inform Customs on any changes** of address, taxable activity, accounting basis and taxable period; and
- vi. keep **adequate records** of business transactions relating to GST in the National or English language for seven years.

Other types of registration

- ✓ **Branches or divisional registration**
- ✓ **Group registration – group of companies**
- ✓ **Registration for non-resident – appointment of agent**
- ✓ **Joint venture registration – petroleum exploration activity**



Laman Web Rasmi
CUKAI BARANG & PERKHIDMATAN MALAYSIA (CBP)
Jabatan Kastam Diraja Malaysia



Laman Utama Mengenai CBP ▾ Pengguna ▾ Industri ▾ Rujukan & Panduan ▾ Sorotan CBP ▾ Hubungi Kami ▾

APA ITU CBP ?

CBP yang juga dikenali sebagai VAT ataupun cukai nilai tambah di kebanyakan negara merupakan cukai penggunaan pelbagai peringkat terhadap barangan dan perkhidmatan

[Lagi](#)



TAP
TAXPAYER ACCESS POINT
DAFTAR
LOG MASUK

UNTUK PENGGUNA
SELANJUTNYA

UNTUK INDUSTRI
SELANJUTNYA

UNTUK PELANCONG
SELANJUTNYA

Perkhidmatan Online



Kalkulator Online



Galeri Media



Pengumuman

Tiada Pengumuman untuk dipaparkan.

1

**Ketua Setiausaha,
Perbendaharaan Malaysia
Pejabat Pelaksanaan GST
Komplek Kementerian Kewangan,
No.5, Persiaran Perdana,
Pusat Pentadbiran Kerajaan Persekutuan Malaysia,
62596 PUTRAJAYA.
Tel : 03-88823000**

2

Customs Call Centre (CCC)

Tel: 03- 78067200

Fax: 03- 78067599

Email: ccc@customs.gov.my

3

GST PORTAL

www.gst.customs.gov.my

Thank you



Royal Malaysian Customs
Ministry of Finance
Malaysia