



TRANSITIONAL GUIDE

TRANSITIONAL RULES

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This information is intended to provide a general understanding of the relevant treatment under Sales Tax and Services Tax Legislation 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. Effective from 1 September 2018, Sales Tax Act 2018 and the Service Tax Act 2018 together with its respective subsidiary legislations are introduced to replace the Goods and Service (GST) Act 2014.
2. Under the Sales Tax Act 2018, sales tax is charged and levied on imported and locally manufactured goods either at the time of importation or at the time the goods are sold or otherwise disposed of by the registered manufacturer. Whereas, the Service Tax Act 2018 stipulates that service tax is charged and levied on any provision of taxable services chargeable by taxable persons in Malaysia.
3. This transitional guide is prepared to assist you in understanding matters with regards to transitional issue related to the transition and rationalization of GST to Sales and Service Tax (SST).

OVERVIEW OF SALES AND SERVICES TAX (SST)

4. The GST was implemented on 1 April 2015 through the GST Act 2014 and its various subsidiary legislations. On the implementation of GST, Sales Tax Act 1972 and the Service Tax Act 1975 was repealed. Following the rationalization and fiscal reforms program being implemented by the government, the two repealed Acts and its respective subsidiary legislations will be re-introduced effective 1 September 2018 with some changes. The Sales Tax Act 2018 and Service Tax Act 2018 will be effective on 1 September 2018.

GENERAL RULES

5. Sales Tax is a single stage tax levied on imported and locally manufactured goods, either at the time of importation or at the time the goods are sold or otherwise disposed of by the registered manufacturer. The threshold is exceeding RM500,000 for 12 months period and tax return to be submitted in the bimonthly taxable period. Sales tax is not charged on goods listed under Proposed Sales Tax (Goods Exempted From Sales Tax) Order 2018 and Proposed Sales Tax (Person Exempted From Sales Tax) Order 2018.

Certain manufacturing activities are exempted by Minister of Finance through Proposed Sales Tax (Exemption From Registration) Order 2018.

6. Service Tax is charged and levied on any provision of taxable services; made in the course of furtherance of business; by a taxable person; and in Malaysia. Service tax is not chargeable on imported services and exported services. The threshold is exceeding RM500,000 and RM1,000,000 (service of food and beverages preparation) for 12 months period and tax return to be submitted in the bimonthly taxable period.

Provision of taxable services under the Service Tax Act 2018 are as follows:

TAXABLE SERVICES	THRESHOLD UNDER SERVICE TAX ACT 2018
Hotel (lodging house, service apartment, homestay, inn, rest house, and boarding house) Service tax is charged on actual value of taxable service provided.	> RM500,000
Insurance and Takaful (all insurance B2B, all B2C general insurance or takaful excluding medical insurance or medical takaful) Service tax is charged on actual premium paid	> RM500,000
Service of Food and Beverages Preparation (restaurant, cafe, catering, take-away, food truck, retail outlet, hawkers, etc.) Service tax is charged on actual value of taxable service provided.	> RM1,000,000
Provision of electricity (B2C; more than 600kWh) Service tax is charged on actual value of taxable service provided.	> RM500,000
Club : i. night club ii. private club iii. golf club iv. golf driving range Service tax is charged on actual value of taxable service provided.	> RM500,000

REPEAL OF GST ACT 2014

Repeal of GST Act 2014 with Saving Provision (Continuance of Liability/ Pending Appeal)

8. With the commencement of SST, the GST Act 2014 is repealed with the saving of certain provisions for the levying, payment, assessment, remission, or recovery of goods and services tax which are due and payable.

9. Any liability incurred or any goods and services tax due, overpaid or erroneously paid under the repealed GST Act 2014 may be collected, refunded, remitted or enforced as if the repealed Act had not been repealed.

10. Section 178, 181 and 191 of the GST Act 2014 shall continue to remain in operation on or after 1 September 2018.

11. Director General of Customs (DG) can make decision on any review application made immediately before 1 September 2018, on or after 1 September 2018.

12. Review decision made by DG matters relating to GST before, on or after the effective date, which is appealable to the GST Appeal Tribunal, by an appellant person provided that the appeal is made within thirty (30) days from the date of such decision was made known to the aggrieved person by the DG.

13. Any appeal before the GST Appeal Tribunal which is pending immediately before the effective date shall be continued to be heard and decided by the Customs Appeal Tribunal after the effective date.

Furnishing of Return for the Last Taxable Period and Payment of GST

14. Any taxable period that begins before the effective date and ends after the effective date shall be deemed to end on the effective date.

15. Any person who is registered under GST Act 2014 shall furnish the return and pay the amount of the GST relating to the supplies to the Director General as required under

GST Act 2014 for the last taxable period not later than hundred and twenty (120) days from the effective date or such longer period as the DG may determine.

Furnishing of Declaration and Payment of Tax by Person Other Than a Taxable Person

16. Any person other than a taxable person under subsection 42(1) of the Goods and Services Tax Act 2014 who is liable for Goods and Services Tax in the month before the effective date shall furnish and pay the amount of the Goods and Services Tax due and payable to the Director General not later than thirty (30) days after the effective date.

Claim for Input Tax and Refunds

17. Any person who is entitled to an input tax claim under the repealed GST Act 2014 which has not been claimed before the effective date shall claim in the last return to be furnished within hundred and twenty (120) days from the effective date. This claim is considered as the final claim for all input tax incurred.

18. If the input tax claim is subject to verification, audit or investigation the refund of the input tax credit can be paid by the DG within six (6) years from the effective date.

Continuance of Appointment and Employment

19. Any person other than an officer of customs who was appointed or employed with the concurrence of, the DG under section 5(3) of the repealed Act shall continue to perform the duty or service until his appointment or employment expires or is revoke by the DG (whichever is the earlier).

Tax Agent

20. Any tax agent whose approval is still valid may continue to act on behalf, on or after effective date until the approval expires or is revoked by Minister (whichever is the earlier).

Effect on GST

21. With effect from the effective date, GST shall not be charged and levied on:
- (i) Any supply of goods or services made in Malaysia, including anything treated as a supply under the GST Act 2014; and
 - (ii) Any importation of goods into Malaysia.

PROGRESSIVE AND PERIODIC SUPPLY SPANNING SST IMPLEMENTATION

Progressive or Periodic Agreement under Sales Tax Act 2018

22. If any sales of goods is made under an agreement for a period or progressively over a period whether or not at regular intervals and that period begins before 1 June 2018 and ends on or after the effective date, the proportion of the sale which is attributed to the part of the period on or after the effective date, is chargeable to sales tax.

23. Where the sale of the goods is made under a warranty whether expressed, implied or required by law and the value of the warranty is included in the price of the goods, no tax will be charged on the replacement of the goods under such warranty.

24. This shall not apply to a sale of goods where GST under the GST Act 2014 has been paid on the sale of the goods to the extent covered by the invoice.

Progressive or Periodic Agreement under Services Tax Act 2018

25. Any services provided under an agreement under the GST Act 2014 for a period or progressively over a period whether or not at regular intervals and that period begins before 1 June 2018 and ends on or after the effective date, the proportion of the service which is attributable to the part of the period on or after the effective date is chargeable to service tax.

26. The supply of the above services is taken to be made continuously and uniformly throughout the period of the agreement.

27. If services provided under a warranty whether expressed, implied or required by law and the value of the warranty is included in the price of the services provided, no service tax to be charged on the services provided under such warranty.

28. This shall not apply to a provision of services where GST under the GST Act 2014 has been paid on the services to the extent covered by the invoice.

SUPPLIES SPANNING GST 6% TO GST 0% AND GST TO SST

Supply of Goods and Services Spanning GST 6% to GST 0% (Section 66(2) GST Act 2014)

29. GST shall be charged at the old rate on:

(i) The higher of the full/ part payment received or value of goods removed/ made available/ services performed. If full/ part payment received is higher than the value of goods removed/ made available/ services performed before 1 June 2018, it will be subject to GST at 6% and vice versa.

(ii) Tax shall be charge at the new tax rate on the difference, between the amount of the whole supply and the amount referred to in paragraph 29(i).

30. Tax implication on supply of goods and services spanning from GST 6% to GST 0% (notwithstanding invoice issued) is as follows:

No.	GST 6%	GST 0%	Implications
1.	Periodic or progressive supply Goods supplied/ made available/ services performed	Periodic or progressive supply Goods supplied/ made available/ services performed	GST to be charged on the value of the goods supplied/ service performed (6% if supplied before 1 June 2018 and 0% if supplied on or after 1 June 2018)

No.	GST 6%	GST 0%	Implications
2.	Consignment sales: Goods made available (removed)	Consignment sales: Goods sold Sales statement provided Tax invoice issued	Subject to GST at 0% when sale of goods become certain.
3.	Value of goods removed/ services performed: RM400 Invoice issued: RM1000	Value of goods removed/ services performed: RM600	GST at 6% to be charged on the value of goods removed/ services performed: RM400 GST at 0% to be charged on the new tax rate on the difference: RM600
4.	Value of goods removed/ services performed: RM400 Invoice issued: RM1000 Full payment received: RM1000	Value of goods removed/ services performed: RM600	GST at 6% to be charged on the value of the full payment received (on the higher of between full/ part payment received or value of goods removed/ services performed): RM1000
5.	Value of goods removed/ services performed: RM400 Full payment received: RM1000	Value of goods removed/ services performed: RM600 Invoice issued: RM1000	GST at 6% to be charged on the value of the full payment received (on the higher of between full/ part payment received or value of goods removed/ services performed): RM1000
6.	Value of goods removed/ services performed: RM600 Part payment received: RM400	Value of goods removed/ services performed: RM400 Balance payment received: RM600	GST at 6% on the value of goods removed/ services performed (on the higher of between full/ part payment received or value of goods removed/ services performed): RM600 GST at 0% to be charged on the new tax rate on the difference: RM400

No.	GST 6%	GST 0%	Implications
7.	Service performed (Subcontract work)	Invoice issued Payment received	GST at 6% to be charged on the service performed.

SUPPLY OF GOODS OR SERVICES SPANNING GST TO SST

Taxable Goods Sold Before 1 September 2018 and Returned On or After 1 September 2018

31. No tax implication on taxable goods sold before 1 September 2018 (sold on 1 June 2018 onwards) and returned on or after 1 September 2018 because rate of GST is at 0% effective on 1 June 2018 to 31 August 2018.

Taxable Service Provided Before 1 September 2018 and Terminated On Or After 1 September 2018

32. No tax implication on taxable services provided before 1 September 2018 (provided on 1 June 2018 onwards) and taxable services terminated on or after 1 September 2018 because rate of GST is at 0% effective on 1 June 2018 to 31 August 2018.

Supply Of Taxable Goods Or Taxable Services Made Before 1 September 2018 and Payment Is Received Or Invoice Is Issued On Or After 1 September 2018.

33. For goods removed or made available or services provided before 1 June 2018, if payment or part payment received or invoices issued on or after 1 September 2018, the supply of goods or services is subject to GST at 6%.

34. For goods removed or made available or services provided after 1 June 2018 until 31 August 2018, if payment or part payment received or invoices issued on or after 1 September 2018, the supply of goods or services is subject to GST at 0%.

35. GST to be charged on goods removed/ made available/ services performed in the GST era and SST to be charged on manufactured goods removed/ made available/ prescribed services performed in the SST era.

36. Tax implication on supply of goods spanning from GST to SST (invoice, payment, goods removed) is as follows:

No.	GST 0%	Sales Tax	Implications
1.	Periodic or progressive supply Goods supplied	Periodic or progressive supply Goods sold	GST to be charged on the value of the goods supplied. Sales Tax to be charged on the value of the goods sold.
2.	Stock in hand: GST registered person Non-registered person	Stock in hand: Registered Manufacturer Non-Registered Manufacturer Registered Manufacturer	No tax implication. Account output tax for GST (standard rate 0%) No special refund on GST.
3.	Consignment sales: Goods made available (removed)	Consignment sales: Goods sold Sales statement provided Tax invoice issued	Subject to Sales Tax when sale of goods become certain.
4.	Value of goods removed: RM400 Invoice issued: RM1000	Value of goods removed: RM600	GST to be charged on the value of goods removed: RM400 Sales tax to be charged on the value of goods removed: RM600
5.	Value of goods removed: RM400 Invoice issued: RM1000 Full payment received: RM1000	Value of goods removed: RM600	GST to be charged on the value of goods removed: RM400 Sales Tax to be charged on the value of goods removed: RM600

No.	GST 0%	Sales Tax	Implications
6.	Value of goods removed: RM400 Full payment received: RM1000	Value of goods removed: RM600 Invoice issued: RM1000	GST to be charged on the value of goods removed: RM400 Sales Tax to be charged on the value of goods removed: RM600
7.	Value of goods removed: RM400 Invoice issued: RM1000 Part payment received: RM700	Value of goods removed: RM600 Balance payment received: RM300	GST to be charged on the value of goods removed: RM400 Sales Tax to be charged on the value of goods removed: RM600
8.	Value of goods removed: RM1200 Invoice issued: RM2000 Part payment received: RM500	Value of goods removed: RM800 Balance payment received: RM1500	GST to be charged on the value of goods removed: RM1200 Sales Tax to be charged on the value of goods removed: RM800

37. Tax implication on supply of services spanning GST to SST (invoice, payment, services performed) is as follows:

No.	GST	Service Tax	Implications
1.	Service performed (Subcontract work)	Invoice issued Payment received	GST to be charged on the service performed
2.	Invoice issued Full payment received	Service performed (Subcontract work)	Service Tax to be charged on the service performed
3.	Invoice issued	Services performed (Subcontract work) Payment received	Service Tax to be charged on the service performed

No.	GST	Service Tax	Implications
4.	Services performed (Subcontract work) Full payment received	Invoice issued	GST to be charged on the service performed
5.	Full payment received	Invoice issued Services performed (Subcontract work)	Service Tax to be charged on the service performed
6.	Invoice issued Services performed (Subcontract work)	Payment received	GST to be charged on the service performed.
7.	Value of service performed: RM400 Invoice issued: RM1000	Value of service performed: RM600	GST to be charged on value of service performed: RM400 Service Tax to be charged on value of service performed: RM600
8.	Value of service performed: RM400 Invoice issued: RM1000 Full payment received: RM1000	Value of service performed: RM600	GST to be charged on value of service performed: RM400 Service Tax to be charged on value of service performed: RM600
9.	Value of service performed: RM400 Full payment received: RM1000	Value of service performed: RM600 Invoice issued: RM1000	GST to be charged on value of service performed: RM400 Service Tax to be charged on value of service performed: RM600
10.	Value of service performed: RM400 Invoice issued: RM1000 Part payment received: RM700	Value of service performed: RM600 Balance payment received: RM300	GST to be charged on value of service performed: RM400 Service Tax to be charged on value of service performed: RM600

Supply of Goods or Services Subject To Sales Tax and Service Tax

38. Generally, the sales of taxable goods or services before 1 September 2018 (1 June 2018 onwards) is subject to GST at standard rate of 0% but sales of manufactured goods and prescribed services provided on or after 1 September 2018 are subject to SST.

(i) SST liability:

- (a) If such goods are removed/ made available or services provided before 1 September 2018 (1 June 2018 onwards) where the invoice is issued or payment is received on or after 1 September 2018, the consideration for the sales of goods or services provided is not subject to SST (subject to GST at 0%).
- (b) If such manufactured or imported goods are removed/ made available or prescribed services provided before 1 September 2018 and ends on or after 1 September 2018 (spanning 1 September 2018) where the invoice is issued or payment is received on or after 1 September 2018, the proportion of the sale/ service which is attributed to the part of the period made on or after 1 September 2018, is subject to SST.

(ii) Input tax entitlement under SST

- (a) Standard rated acquisition made before 1 June 2018 is entitled for input tax claim by GST registered person. There is no input tax entitlement under SST.

TAXABLE GOODS SOLD AND PRESCRIBED SERVICES PERFORMED BEFORE AND ON OR AFTER 1 SEPTEMBER 2018 (TAX DUE AND PAYABLE)

General

39. Generally, SST is not charged on any sales of manufactured goods and on any prescribed services provided before 1 September 2018 even though the whole or part payment is made on or after 1 September 2018 or an invoice is issued on or after 1 September 2018. However, SST is charged on any sales of manufactured goods and on any prescribed services provided on or after 1 September 2018.

Sales Tax Due and Payable

40. Sales tax shall be charged and levied on all taxable goods which are locally manufactured at the time the goods are sold, disposed of, otherwise than by sale, of first use otherwise than as materials in the manufacture of taxable goods by the taxable person.

41. Minister of Finance may determine different time for sales tax to be due and payable in respect of petroleum subject to certain conditions imposed by the Minister.

42. Where any sale of taxable goods is made by any person, who is a taxable person in the Sales Tax Act 2018, within the period beginning from 1 June 2018 and ending immediately before the effective date, and the taxable goods are delivered on or after the effective date:

- (i) The sale of such taxable goods shall be deemed to have been made on the date such taxable goods are delivered notwithstanding any payment, wholly or partly, is received or invoice is issued, for such taxable goods during such period;
- (ii) Any payment received within such period or on or after the effective date, or invoice issued within such period, shall be deemed to have been received or issued on the date such taxable goods are delivered; and
- (iii) Sales tax shall be charged and levied on such taxable goods and shall become due on the date such taxable goods are delivered.

Manufactured goods subject to Sales Tax:

No.	Before 1 June 2018	1 June 2018 – 31 August 2018	1 September 2018 onwards	Implications
1.	-	Invoice issued (Goods sold)	Goods delivered (made available/ removed)	Subject to Sales Tax

No.	Before 1 June 2018	1 June 2018 – 31 August 2018	1 September 2018 onwards	Implications
2.	Goods sold under a contract	-	Invoice issued Goods delivered	Subject to Sales Tax
3.	Goods sold Invoice issued (GST charged at rate of 6%)	-	Goods delivered	Subject to GST at rate of 6%

43. If any registered manufacturer ceases to carry on business as a manufacturer is succeeded in such business by another person who purchases from the registered manufacturer any stock of taxable goods which is on hand at the date of cessation or acquires any stock of taxable goods as a trustee, receiver, liquidator, donee, beneficiary of such registered manufacturer, no sales tax shall be due and payable on such purchase or acquisition.

Service Tax Due and Payable

44. Service tax is due and chargeable at the time when the payment is received for the taxable service provided to the customer by the registered person.

45. If full or any part of the payment for any taxable service provided by the registered person is not received from the customer within a period of twelve (12) months from the date of the invoice for the taxable service provided, service tax will be due on the day following that period of twelve (12) months and has to be paid by the registered person.

46. Where an arrangement or agreement for the provision of any taxable service is made by any person, who is a taxable person under the Service Tax Act 2018, within the period beginning from 1 June 2018 and ending immediately before the effective date, and the taxable service is provided or performed on or after the effective date:

- (i) The arrangement or agreement for the provision of such taxable service shall be deemed to have been made on the date such taxable service is provided or

performed notwithstanding any payment, wholly or partly, is received or invoice is issued, for such taxable service during such period;

- (ii) Any payment received within such period or on or after the effective date, or invoice issued within such period, shall be deemed to have been received or issued on the date such taxable service is provided or performed; and
- (iii) Service tax shall be charged and levied on such taxable service and shall become due on the date such taxable service is provided or performed.

Prescribed services subject to Service Tax:

No.	Before 1 June 2018	1 June 2018 – 31 August 2018	1 September 2018 onwards	Implications
1.	-	Prescribed services provided under a contract. Invoice issued.	Prescribed services provided or performed	Subject to Service Tax
2.	Prescribed services provided under a contract. Invoice issued.	-	Invoice issued. Prescribed services provided or performed.	Subject to Service Tax
3.	Invoice issued (GST charged at rate of 6%)	-	Prescribed services provided or performed.	Subject to GST at rate of 6%

DETERMINATION OF VALUE

Sale Value of Taxable Goods

47. Sales value of locally manufactured taxable goods will be determined based on Proposed Sales Tax (Rules of Valuation) Regulations 2018.

48. Sales value of taxable good imported into Malaysia shall be the sum of the following amounts:

- (i) The value of taxable goods for the purpose of customs duty as determined in accordance with the Customs Act 1967;
- (ii) The amount of customs duty, if any, paid or to be paid on such taxable goods;
- (iii) The amount of excise, if any, paid or to be paid on such taxable goods.

49. Any registered manufacturer who receives taxable goods from any person to be manufactured and subsequently return the goods, the sale value of the goods manufactured will be the amount that the manufacturer charges for work performed by him (workmanship for subcontract)

Value of Taxable Service

50. The value of taxable service on which service tax is payable shall be determined as follows:

- (i) In the case of taxable service for:
 - (a) The sale of goods to a non-connected person, the actual price for which the goods are sold;
 - (b) The sale of goods to a connected person, the price at which the goods would have been sold in the ordinary course of business to a person not connected with the taxable person.
 - (c) The provision of goods, where the goods are provided for free, the price at which the goods would have been sold in the ordinary course of business to a person not connected with the taxable person.
- (ii) In the case of taxable service, other than the taxable service specified in paragraph 50(i):
 - (a) Provided to a non-connected person, the actual value of the taxable service provided; or in the case of premium for insurance policy, or takaful contribution for takaful certificate, the actual premium or contribution paid;

- (b) Provided to a connected person, the value of the taxable service which would have been provided in the ordinary course of business to a person not connected with the taxable person; or
 - (c) Where the taxable service are provided for free, the value of taxable service which would have been provided in the ordinary course of business to a person not connected with the taxable person.
- (iii) In the case of betting and gaming which are prescribed to be taxable services, the value of such betting and gaming shall be as prescribed.

51. Such supplies refer to supply of goods and services which are not subject to GST and may include supplies which spans 1 September 2018.

REGISTRATION ON COMMENCEMENT DATE

52. Manufacturer/ prescribed service providers who is liable to be registered is required to register before 1 September 2018. Registration commencement date will be on 1 September 2018 (Normal registration).

53. Manufacturers/ prescribed service providers who are GST registered person which have been identified and fulfilled the required criteria will be registered automatically as registered manufacturer/ registered person under the Sales Tax Act 2018 and Services Tax Act 2018. Registered manufacturer/ registered person need to charge sales tax/ services tax effective from 1 September 2018 (Automatic registration)

54. A non-GST registered person who manufacture goods/ provide prescribed services and fulfilled the required criteria to be registered on the effective date is required to apply for registration within 30 days from the effective date. Registration commencement date will be on 1 October 2018. SST to be charged effective from 1 October 2018 (Registration effective on 1 October 2018).

55. Summary of registration on effective date:

Sales Tax	Service Tax
<p>Automatic Registration on 1 September 2018</p> <ul style="list-style-type: none"> • GST registered person; • manufacture taxable goods on 1 September 2018; • Total sale value of taxable goods exceeds RM500,000 • Date of registration: 1 September 2018 • Sales tax to be charged from 1 September 2018. 	<p>Automatic Registration on 1 September 2018</p> <ul style="list-style-type: none"> • GST registered person; • Providing taxable services on 1 September 2018; • Total value of taxable services exceeds RM500,000/ 1,000,000/0/RM25 per card • Date of registration: 1 September 2018; • Service tax to be charged from 1 September 2018.
<p>Application for registration before 1 September 2018 (Normal)</p> <ul style="list-style-type: none"> • Not GST registered person; • Manufacture taxable goods on the effective date; • the total sale value of taxable goods exceeds RM500,000 • apply for registration before 1 September 2018 • Date of registration: 1 September 2018 • Sales tax to be charged from 1 September 2018. 	<p>Application for registration before 1 September 2018 (Normal)</p> <ul style="list-style-type: none"> • Not GST registered person; • providing prescribed services on effective date; • Total value of taxable services exceeds RM500,000 / 1,000,000/0/ RM25 per card • apply for registration before 1 September 2018 • Date of registration: 1 September 2018; • Service tax to be from beginning 1 September 2018.
<p>Registration on 1 October 2018</p> <ul style="list-style-type: none"> • Manufacture taxable goods on effective date; • Not a GST registered person; • The total sale value of taxable goods exceeds RM500,000 • Apply for registration within 30 days from 1 September 2018 • Date of registration: 1 October 2018 • Sales tax to be charged from 1 October 2018 	<p>Registration on 1 October 2018</p> <ul style="list-style-type: none"> • providing prescribed services on effective date; • Not a GST registered person; • The total value of taxable services exceeds RM500,000/ 1,000,000/ 0/ RM25 per card • Apply for registration within 30 days from 1 September 2018 • Date of registration: 1 October 2018 • Service tax to be charged from 1 October 2018

SPECIAL REFUND

56. A GST registered person who is entitled to a special refund on goods held on hand on 31 March 2015 and the special refund has been approved under eight (8) instalment payments will be paid continuously until all the instalment payments has been completed.

RIGHTS GRANTED FOR LIFE

57. Rights granted for life means:

- (i) The service is made by a taxable person who is a club or other similar body, provides services under an agreement to grant rights;
- (ii) The agreement provides whether expressly or implicitly that a right is to be granted or exercisable for the rest of the person's life or for a period of not less than thirty (30) years; and
- (iii) The rights is granted or first exercisable before the effective date (1 September 2018).

58. The club or such similar body refers to an establishment operated and managed by a registered company, e.g. Leisure Sun Club, Putra Golf and Country Club or Hills Clubhouse offering membership rights to use the facilities the club or clubhouse such as sports and recreation, food and beverage, accommodation and special privileges to the members' guests. However, it excludes clubs with timeshare membership and the like.

59. Any payment for such rights made before 1 September 2018 will not be chargeable to Service Tax. However, any payment made on or after 1 September 2018 will be chargeable to Service Tax. Hence, if the rights are not paid in full before 1 September 2018 but paid in progressive payments and spans on or after 1 September 2018, the part payment made on or after 1 September 2018 will be chargeable to Service Tax.

Example 1:

Halim takes out a life membership at a private club for RM6,000 and pays in full upon application before 1 September 2018. He is entitled to use the facilities of the club upon full settlement. The membership fee is not chargeable to Service Tax.

Example 2:

Maniam took a life membership at Bandar Permai Golf Resort (BPGR) for RM150,000 on 1 July 2018 and granted membership from 1 July 2018. He was issued an invoice for the said sum on the same day and allowed a payment schedule as below:

Maniam pays on...	Maniam pays the sum of RM...	BPGR accounts for Service Tax of RM...
1 July 2018	50,000	0.00
1 August 2018	70,000	0.00
1 September 2018 (6% Service Tax)	30,000	1,800.00

Example 3:

Using Example 2 above, if the membership term is for 20 years, the Service Tax treatment on Maniam's payments will be as follows:

Maniam pays on...	Maniam pays the sum of RM...	BPGR accounts for Service Tax of RM...
1 July 2018	50,000	0.00
1 August 2018	70,000	0.00
1 September 2018 (6% Service Tax)	30,000	8,925.00

The period of 20 years beginning from 1 July 2018 to 30 June 2038 is for a period of 240 months. For services provided from 1 September 2018 to 30 June 2038 which is subject to Service Tax is for a period of 238 months.

The value of Service Tax as indicated in the invoice issued before 1 September 2018 for the services provided which spans the implementation of SST.

The calculation to determine the amount of Service Tax is as follows:

Payment for the services provided = [RM150,000/240] X 238 = RM148,750.00

on and after 1 September 2018

Service Tax = RM148,750.00 X 6%

= RM8,925.00

RETENTION PAYMENT

60. Retention payments refer to an amount which forms part of the full consideration held by a person pending full and satisfactory performance of a contract. Where such payment under a contract that relates to a supply of goods or services made before 1 June 2018, the retention payment is subject to GST at standard rate of 6%. However, if such payment is made on or after 1 September 2018, but relates to a supply that was made before 1 June 2018, it will also be subject to GST at standard rate of 6% (Section 4(1)(b) Goods and Services Tax (Repeal) Bill 2018).

Example 4:

A contractor makes a supply of services from 1 December 2017 to 31 May 2018. A sum of RM48,000.00 is retained for the satisfactory performance of the construction work. Since entire services was performed before 1 June 2018 (six months) and the retention payment was made after 1 June 2018, the amount of GST payable on the retention sum is subject to GST as follows:

RM48,000 x [6/106] = RM2,716.98

BAD DEBT RELIEF

61. Generally, a GST registered person under the GST Act 2014 is eligible to claim bad debt relief under section 58 of the GST Act 2014 on or after 1 April 2015 provided he qualifies all conditions under Bad Debt Relief as stipulated under section 58(1). This rule applies for all GST registered person under section 20 and 24 of the GST Act 2014.

62. Bad debts occur in the normal course of business. It is common for businesses not to take legal action against debtors within six (6) months. Insufficient time given for claiming of bad debt relief would result in GST cost to businesses.

63. Exceeding six (6) months' time frame to be given for businesses to claim bad debt relief even if it spans 1 September 2018. Bad debt relief is allowed to be claimed within hundred and twenty (120) days from the effective date.

64. Bad debt recovery made on or after 1 September 2018 must to be paid as output tax to RMCD by amending final GST-03 return for the last taxable period (submitted latest within 120 days after effective date) (Section 4(1)(b) Goods and Services Tax (Repeal) Bill 2018).

WARRANTY

65. A supply of warranty is not subject to SST if the warranty:

- (i) Begins before 1 September 2018 and ends on or after 1 September 2018; and
- (ii) Relates to goods or services (whether expressed, implied or required by law) where the value of the warranty is included in the price of the goods and services at the time of purchase of goods or services.

66. The above SST treatment also applies to extended warranty purchased before 1 September 2018 and the supply of warranty spans the implementation of SST. Such extended warranty may include warranty purchased at a later time after the purchase of the goods or services but the date of purchase of the extended warranty must be before 1 September 2018.

THINGS DONE IN ANTICIPATION OF THE ENACTMENT OF THIS ACTS (SALES TAX ACT 2018 AND SERVICES TAX ACT 2018)

67. Director General shall be deemed to have been authorized under this Acts for all acts and things done in preparation for or anticipation of the enactment of this Acts and any expenditure incurred in relation thereto shall be deemed to have been authorized under this Acts, provided that the acts and things done are consistent with the general intention and purposes of this Acts, and all rights and obligations acquired or incurred as a result of the doing of those acts or things including any expenditure incurred in relation thereto shall upon the coming into operation of this Acts deemed to be rights and obligation of the DG.

FREQUENTLY ASKED QUESTIONS

Bad Debt Relief/ Bad Debt Recovered

1. Q : **Whether or not the GST registered person is eligible to claim the bad debt relief on or after 1 September 2018?**
A : GST registered person is eligible to claim the bad debt relief even if it spans on or after 1 September 2018.

2. Q : **What is the timeline to claim bad debt relief?**
A : Bad Debt Relief is allowed to be claimed within hundred and twenty (120) days from the effective date.

3. Q : **I have claimed bad debt relief before 1 June 2018. After 1 June 2018, my debtor repays the amount which I have been given relief. What is the GST rate applicable on my repayment of the tax due and payable after 1 June 2018?**
A : Repayment of GST should be accounted for output tax at a standard rate of 6%.

4. Q : **Can claiming of bad debt relief be allowed effective from 1 June 2018 if the debt has not been recovered 4 months from the date of supply?**
- A : No. You must meet the exceeding 6 months period and all other conditions applicable.
5. Q : **Can bad debt relief be claimed effective from 1 June 2018 if the period exceeds 6 months from date of supply?**
- A : Yes, provided sufficient efforts have been made to recover the debt. Bad debt relief can be claimed within 120 days from effective date.

Time of Supply

6. Q : **I am a retailer. I sold goods on credit terms (credit sales), deliver and make available the goods before 1 June 2018 to my customer. When my customer makes the periodic payments (instalments) to me after 1 September 2018, must I charge GST on the payments?**
- A : Yes the sale of the goods is subject to GST at 6% as the goods were made available/ removed before 1 September 2018.
7. Q : **Tax invoice at GST 0% was issued on 31 August 2018 and full payment has been made on the same day. Goods were removed and made available on 1 September 2018. What is the procedure and document required to charge Sales Tax?**
- A : Goods removed or made available on 1 September 2018 is subject to sales tax. Adjustment should be made using debit note as per the accounting principle.

Tax Invoices

8. Q : **I made a supply after 1 June 2018 and charged GST at standard rate of 6%. Tax invoice was issued to the buyer. This means I have MISTAKENLY charged GST. Do I have to account for tax at standard rate of 6%?**
- A : (i) Yes. If a credit note CANNOT be issued to the buyer, GST at standard rate of 6% should be accounted for.
- (ii) If a credit note can be issued and the company has accounted for the GST, the company may make adjustments in the GST-03 form in the taxable period credit note was issued.
9. Q : **I have sold goods and have issued a tax invoice on 1 May 2018. The item was returned by the buyer on 30 June 2018. Should credit note be issued at a standard rate of 6% or a standard rate of 0%?**
- A : Credit note should be issued at standard rate of 6% because it relates to a tax invoice that was issued on 1 May 2018.
10. Q : **Whether a registered person under the Goods and Services Tax Act 2014 can still issue tax invoice or debit note after 1 September 2018 for services rendered or goods sold before 1 September 2018?**
- A : No. Tax Invoice is advisable to be issued before 1 September 2018
11. Q : **Goods removed and invoice issued to the buyer on 28 August 2018. However, the payment for the goods were only made on 6 September 2018. What is the tax treatment?**
- A : GST is charged at standard rate of 0% on the value of the goods removed.

Special Refund

12. Q : **Can a registered manufacturer claim special refund in the SST era?**
A : No.
13. Q : **Will special refund instalment payment be paid in the SST era?**
A : Special refund Instalment payment that has been approved will be paid accordingly even if its spans SST era.

Telecommunication Services

14. Q : **Are telecommunication services which are subject to GST under the GST Act 2014, will be subject to service tax under the Service Tax Act 2018?**
A : Yes. Telecommunication services are subject to service tax (except supply of telecommunication services by Malaysian telco to overseas telco and outbound roaming services)

Healthcare Services

15. Q : **Are consultation services, foods and drinks provided in private hospital, provision of rooms for lodging or sleeping accommodation subject to service tax?**
A : No

Debit and Credit Note

16. Q : **Company A have issued tax invoice at 6% GST in February 2018 on subscription for period from 1 January 2018 to 31 December 2018. GST return has been submitted to RMCD and output tax has been declared. Should Company A reissue the tax invoice for GST at 6% from 1 January 2018 to 31 Mei 2018, GST at 0% from 1 June 2018 to 31 August 2018 and Service Tax from 1**

September to 31 December 2018 or the buyer should pay based on the actual tax invoice issued in January 2018?

A : Not required to reissue a tax invoice where GST under GST Act 2014 has been paid on the services to the extent covered by the earlier invoice (Sec 93(4) Services Tax Act 2018)

17. Q : **I was a GST registered person under the GST Act 2014 and became a registered manufacturer under the Sales Tax Act 2018 as at 1 September 2018. I supplied taxable goods before the Sales Tax implementation but due to some defective qualities, 10% of the goods were returned after 1 September 2018. A credit note was issued on the returned goods. What is the Sales Tax implication to the buyer if he is a registered manufacturer?**

A : If your buyer is a registered manufacturer and he has claimed input tax credit on those goods he returned to you, then he has to account for output tax in the taxable period he returned the goods within 120 days from the effective date.

18. Q : **Will GST paid for long term commitments in advance be refunded for the portion relating to post-GST period?**

A : RMCD allows GST registered person to issue credit note to reverse the GST inclusive charged in advance for the portion relating to the post-GST period. GST registered person will have to make GST adjustment resulted from the issuance of credit note. If the long term commitments is a taxable supply or prescribed taxable services it will be subject to Sales Tax and Service Tax effective from 1 September 2018.

19. Q : **What is the GST treatment for debit note or credit note issued after 120 days from the effective date?**

A : GST registered person will have to make GST adjustment resulted from the issuance of debit note or credit note.

20. Q : **I was a registered person under GST Act 2014 and I am a registered manufacturer on 1 September 2018 under the Sales Tax Act 2018. What is the tax treatment on the debit notes raised by me on or after 1 September 2018 as I had undercharged my customer (registered person) before 1 September 2018?**
- A : You have to account output tax in the taxable period debit note is issued.

Goods Returned

21. Q : **I am a GST registered person under the GST Act 2014 and not registered for SST. How do I claim input tax credit on goods returned to me after 1 September 2018?**
- A : You are eligible to claim any input tax credit on the goods return not later than hundred and twenty (120) days from the effective date.
22. Q : **Goods purchased and charged GST at standard-rate of 6% are then returned to supplier at the time when GST is standard-rate of 0%. What is the GST treatment?**
- A : The supplier should issue a credit note which relate to the tax invoice (GST at 6%) issued for the goods returned.

Supply of Membership Rights

23. Q : **I am a Malaysian Timeshare Industry member since 2002 and the contract is for 38 years. I paid my membership in full the same year. What is the service tax treatment if I decide to sell my membership after the 20th year which is after 1 September 2018?**
- A : Any payment made on or after 1 September 2018 will be subject to service tax. If the rights are not paid in full before 1 September 2018 but paid in progressive payments and spans on or after 1 September 2018, will be subject to service tax.

24. Q : **Private recreation fitness club joining fee is a taxable service under the GST Act 2014. What is the treatment on joining fees paid in full before 1 September 2018?**

A : Joining fees paid in full before the SST implementation by current members are subject to GST even if part of the right to the membership continues after 1 September 2018.

25. Q : **I hold a life membership at an exclusive golf club where the services such as usage of sporting facilities are currently subject to GST. What is the treatment on the fees for the usage of the facilities that I am charged by the club operator effective on 1 September 2018 onwards?**

A : The fees or charges on such services if provided on or after 1 September 2018 is subject to Service Tax.

Road Transport

26. Q : **What is the service tax treatment on transport services provided by executive coaches or airport limousines that commence before 1 September 2018 and ends on or after 1 September 2018?**

A : A supply of services is made when the services are performed. In the case of transport services provided by executive coaches and airport limousines that commenced on 1 June 2018 and ending on the 31 August 2018 is subject to GST at 0%. After the service tax implementation, the portion of the supply on or after 1 September 2018 is not subject to service tax.

Deposit

27. Q : **I took a photo shoot on 31 August 2018 and paid a deposit of RM100 as part payment for it. The pictures were delivered to me on 4 September 2018 and I made the balance of payment on the same day. Are the balance payments subject to service tax?**

- A : The balance payment is not subject to service tax but it is subject to GST because the services performed and invoice issued before 1 September 2018.
28. Q : **I placed a deposit of RM100 to book a photo shoot session before 1 September 2018. The photo shoot is scheduled to take place after 1 September 2018. What is the tax treatment on the deposit?**
- A : Part payment is subject to GST at 0%.
29. Q : **Deposit (part payment) for the supply of goods / services has been paid before 1 June 2018 and goods / services are supplied after 1 June 2018. What is the GST treatment?**
- A : Part payment is subject to GST on the standard rate of 6% while the balance of payment if made after 1 June 2018 until 31 August 2018 is subject to standard rate of 0%.
30. Q : **Jom Travel Sdn Bhd has made a hotel booking of RM101,760 and made a security deposit on 04 March 2018 amounting to RM30,528 and is expected to stay at the hotel on 15 July 2018. What is the GST implication on the supply to be made on 15 July 2018?**
- A : For the purpose of GST, the security deposit (not part payment) received is not part of consideration on the supply. The whole supply is subject to GST at standard rate of 0%.

Ticketing/ Flight Ticket

31. Q : **I purchased my flight ticket before 1 June 2018 and scheduled to depart after 1 June 2018. Can I claim back the GST paid?**
- A : It depends on the terms and conditions of the sale and purchase transaction entered between the seller and the buyer. In this scenario:
- i. If any payment for flight ticket made upon booking, you are not entitle for refund regardless of the term and the condition

between the parties as the payment of the flight ticket appears to be fully made prior to 1 June 2018.

- ii. If the payment made on or after 1 June 2018, GST is chargeable at standard rate 0% and hence the ticket price may be varied depending on the terms of the agreement with the service provider.

Progressive and Continuous Supply/ Supply Spanning

32. Q : **What is the SST treatment on the supply of taxable petroleum products delivered on a continuous basis by means of pipeline, conduits or other means beginning before 1 September 2018 where consideration is paid continuously from the date prior to 1 September 2018?**

A : Supplies of petroleum by means of a pipeline is deemed a supply of goods. Any such supply made prior to 1 September 2018 (1 June 2018 – 31 August 2018) will be subject to GST (0%) while a supply made on or after 1 September 2018 will be subject to Sales Tax. The supplier must conduct a meter reading of the supply immediately before 1 September 2018 to ascertain the value of the supply on and after 1 September 2018.

33. Q : **Full payment received on the removal of goods on 22 August 2018. However, the goods were only removed on 8 September 2018. What is the tax treatment?**

A : Sales Tax will be charge at 10% on the value of goods removed.

34. Q : **Subcontract work to be performed from 15 August 2018 to 15 October 2018. However, part of the work was done in GST era and the part of it was completed in the SST era. What is the tax treatment on the subcontract work?**

A : GST is charged at standard rate of 0% on the part of work performed until 31 August 2018. Meanwhile, Service Tax at 6% is chargeable on the balance of the work to be completed on 15 October 2018.

35. Q : **I have received a full payment of RM100,000 on 20 May 2018 for the supply of taxable goods which were delivered to my buyer on 2 June 2018. What is the GST treatment for that supply?**
- A : The supply is subject to GST at the rate of 6% and the full payment received is inclusive of GST. Use the tax fraction (6/106) to determine the amount of GST to be accounted for.
36. Q : **Tours & Travel Sdn Bhd has made a hotel group booking for 5 tourists from Indonesia and Tours & Travel Sdn Bhd has made a full payment of RM6,360 (inclusive of GST 6%) on 15 February 2018 and will be staying at the hotel from 1 July 2018 to 9 July 2018. What is the GST rate applicable to the supply made by the hotel operator?**
- A : Supply of accommodation services is subject to GST at standard rate of 6% because full payment has been made before 1 June 2018.

Supply of Land Or Property During Transitional Period

37. Q : **I have sold a shop lot worth RM1 million. I have made the full payment and S&P signed before 1 Jun 2018 but the key is handed over on the 1 September 2018. Is the property subject to GST?**
- A : Supply of land or property made is subject to GST even though the supply is made available on 1 September 2018 because tax invoice has been issued before 1 June 2018 and GST at 6% has been charged in the invoice issued.
38. Q : **I have signed a sale and purchase agreement to sell a unit of commercial building worth RM 1,600,000 on 1 April 2018. Upon signing the agreement, 10% deposit was received and the balance 90% will be received within 90 days i.e. on 11 June 2018. Vacant possession (VP) will be given upon settlement of the full payment. What is the GST treatment for this transaction?**

A : The deposit received upon signing the sale and purchase agreement which is part of the payment received before 1 June 2018 is subject to GST at standard rate of 6%. While, the remaining balance of 90% received on or after 1 June 2018 is subject to GST at standard rate of 0%.

39. Q : **The joint management body / management corporation who manages the commercial buildings has received payment on 31 March 2018 as a consideration for the supply of maintenance and sinking fund for the period of 1 year from 01 January 2018 to 31 December 2018. Output tax at the rate of 6% has been accounted for in GST-03. Is there any change to the rate of tax for this supply?**

A : GST remains at standard rate of 6%.

40. Q : **The joint management body / management corporation who manages a commercial building has yet to receive payment on the supply of services for the period of 1 January 2018 until 31 May 2018. Payment received on 2 July 2018. Should GST be charged at a standard rate 0%?**

A : GST is to be charge at standard rate of 6%.

41. Q : **A commercial development project was completed on 18 May 2018. However, the consultant is only able to issue the certificate of work done on 20 June 2018. Tax invoice is issued on 30 June 2018 after the consultant confirmed the final amount. Is GST to be imposed on standard rate of 6% or 0%?**

A : Standard rate of 6%.

Input Tax Credit Under Section 38 GST Act 2014

42. Q : **If the rate of tax for taxable supply fixed at standard rate of 0%, can I still claim input tax?**
A : Yes, the input tax claims are allowed in compliance with Section 39 GST Act 2014 and Regulation 38 and 39 of GST Regulations 2014.
43. Q : **Will input tax credit application still be processed by RMCD effective from 1 September 2018?**
A : Yes, application will be processed as usual.
44. Q : **Can input tax credit refunds be offset against GST payments?**
A : Yes, provided the input tax credit application has been approved. The offsetting process will be done automatically through the system.
45. Q : **Can the approved carried forward credit balance in TAP be refunded to the GST registered persons effective from 1 September 2018?**
A : Yes.
46. Q : **How to reclaim approved carried forward input tax credit?**
A : GST registered persons can reclaim the carried forward input tax credit through the TAP and follow normal procedures of refund request.
47. Q : **When GST input tax claim will be refunded to the GST registered person?**
A : Section 8 of the Goods and Services Tax (Repeal) Bill 2018 stipulates that any input tax under section 38 of the repealed Act which has not been made by the DG on the effective date or any input tax relating to the final claim, subject to verification, audit or investigation, shall be paid by the DG within six years from the effective date.

48. Q : **Effective from 1 September 2018, does GST registered persons still have to respond to queries previously issued by the Refund Officer relating to input tax credit refund application?**
- A : Yes
49. Q : **Does the GST registered person still allowed to make exceptional claims of input tax on acquisition of goods before the registration date with effect from which he was registered under regulation 46 of the GST Regulation 2014?**
- A : Yes, upon approval by the Director General of Customs
50. Q : **Are GST registered persons allowed to resubmit a refund request rejected by RMCD effective from 1 June 2018?**
- A : Yes.
51. Q : **How do GST registered persons resubmit a refund application which has been rejected before 1 September 2018?**
- A : Please contact the particular Refund Officer by phone or E-Mail.
52. Q : **How long will it take for taxpayers to claim GST input tax after the implementation of SST?**
- A : You are allowed to claim input tax credit by submitting final GST-03 return within 120 days after the effective date of SST.
53. Q : **My GST-03 return in refund position has been rejected by RMCD because there are transactions that are not eligible to be claimed. I received the rejection letter after 120 days from the effective date (2019). Can I still make amendments to the relevant return?**
- A : Taxpayers are advised to amend the rejected GST-03 return on whichever transaction not eligible to be claimed. Amendments has to be done in the GST-03 in the taxable period which has been rejected.

Return

54. Q : **Do I need to submit GST-03 return?**
A : Yes. Registered person are still required to submit GST-03 until not later than 120 days from the effective date.
55. Q : **I was charged a compound for late submission of return under Section 41(6) of the GSTA 2014. Can the compound be remitted?**
A : Yes and the power to remit compound is at the discretion of Public Prosecutor.
56. Q : **Effective from 1 September 2018, does the GST registered persons need to pay any tax arrears and penalties even though they still have input tax credit claims that has not been approved by RMCD?**
A : Yes.
57. Q : **Effective from 1 September 2018, will GST registered person be liable for late payment penalty if GST payments are not made within the specified period?**
A : Yes
58. Q : **I was charged a penalty for a late payment under Section 41(7) of the GSTA 2014. Can the penalty be remitted?**
A : It is the discretionary power of the Director General of Customs under Section 62(2) of the GSTA 2014. The application of the remission has to be made by the taxpayer.
59. Q : **In which column in the GST-03 return do I need to declare for a supply that has changed to a standard rate of 0%?**
A : In column 5(a) of GST-03.

60. Q : **Where do I declare in GST-03 a supply that was formerly zero-rated?**

A : Declare in column 5(a) of GST-03 because GST (Zero-Rated) Order 2014 is revoked.

61. Q : **My taxable period is 1 April 2018 to 30 June 2018. How should I declare the GST-03 return?**

A : You must make a declaration of 6% standard rated sales before 1 June 2018 and 0% standard rated sales from 1 June 2018 to 30 June 2018 in column 5(a) of GST-03. Column 5(b) is meant for declaration of GST due and payable for the period of April to May 2018.

62. Q : **I have claimed GST refunds on block input tax in the GST-03 return. Can I amend the GST-03 return effective from 1 September 2018 onwards?**

A : Yes.

63. Q : **If I have made an understated or over claimed of input tax credit, can I amend the GST03 return effective from 1 September 2018 onwards?**

A : Yes

General

64. Q : **Does GST registered persons need to account for GST on goods held on hand before effective date of SST?**

A : GST registered persons must account for GST at 0% and declare the output tax in their final GST-03 return within 120 days after the effective date.

65. Q : **What is the tax treatment for stock held in hand in which the input tax has not been claimed and belongs to the GST registered person who will be registered manufacturer in the Sales Tax era?**
- A : The registered manufacturer is allowed to claim the input tax on stock held in hand in the final GST-03 return within 120 days after the effective date.
66. Q : **What is the Sales Tax treatment for importation of Big Ticket Items for upstream petroleum activities?**
- A : Big Ticket Items under GST regime will be included in the petroleum upstream Master Exemption List (MEL) and the importer of such items that is petroleum upstream operator will be given an exemption from Sales Tax subject to prescribed condition as stated in the Sales Tax (Person Exempted from Sales Tax) Order 2018.
67. Q : **Is tax to be charged on hand carried goods by passengers at a standard rate of 0% on or after 1 June 2018?**
- A : If the goods are not subject to any import duty, then GST is subject to a standard rate of 0%. However, if the goods are subject to the import duty, then tax to be paid by the passenger is at 10% ad valorem rate.
68. Q : **Starting from 1 June 2018 until 31 August 2018, what is the GST treatment on the taxable supply made by the government departments registered under Section 20 GSTA 2014?**
- A : Mainly, supplies made by government department are out of scope supplies. If the government department makes taxable supply of goods / services and is registered under section 20 of the GSTA 2014, such supplies are subject to GST at standard rate of 0%.
69. Q : **Starting from 1 June 2018 until 31 August 2018, what is the GST treatment on acquisition of goods by government department?**
- A : Acquisition of goods by government department is subject to GST at standard rate of 0%. GST (Relief Order) 2014 has been revoked.

70. Q : **Starting from 1 June 2018 until 31 August 2018, what is the GST treatment on acquisition of services by government department?**

A : Acquisition of services by the government department is subject to GST at standard rate of 0%.

71. Q : **I am not a GST registered person. I still have stock of goods that have been charged GST at standard rate of 6% after 1 June 2018. Can I claim refund?**

A : No.

72. Q : **If the price tag displayed by a retailer registered for GST on or after 1 June 2018 is still showing the price including 6% GST (6% GST inclusive), what is the price to be paid by the consumer?**

A : The price to be paid by the consumer after using tax fraction:

Example:

Display price (including GST 6%) :RM106

Price paid (excluding GST 6%) :RM106X(100/106): RM100

73. Q : **Is the insurer required to refund the GST paid by a policy holder for insurance cover made under an agreement for a period from 1 January 2018 to 31 December 2018 and the tax invoice and the payment related to the supply for that period has been made before 1 June 2018?**

A : Not required where GST under GST Act 2014 has been paid on the services to the extent covered by the invoice (Sec 93(4) Services Tax Act 2018)

74. Q : **What is the status of banks appointed as a GST collector of tax on behalf of RMCD on and after 1 June 2018?**

A : There is no change to the status of such banks.

75. Q : **What is the GST treatment on the supply of goods specified as zero-rated supplies under Schedule 1 of the GST (Zero-Rated) Order 2014?**
- A : The supply of such goods are treated as taxable supplies subject to GST at the standard rate of 0%.
76. Q : **What is the GST treatment on the supply of services specified as zero-rated supplies under Schedule 2 of GST (Zero-Rated) Order 2014?**
- A : Standard rated supply at 0%.
77. Q : **What is the GST treatment for reimbursement related to a supply before 1 June 2018 and reimbursement made on or after 1 June 2018?**
- A : Reimbursement made on or after 1 June 2018 is subject to GST at standard rate of 0%.
78. Q : **LMN Construction Sdn. Bhd. is a construction service provider. An amount of payment for his services had been retained by his customer as a retention sum. What is the GST treatment on the retention sum related to the construction work done before 1 June 2018 and the payment of the retention sum was made on or after 1 September 2018?**
- A : The amount of retention sum related to the supply made before 1 June 2018 is subject to GST at standard rate of 6%. LMN Construction Sdn. Bhd. is liable to account for the output tax upon receiving the retention sum even though payment was received on or after 1 September 2018.
79. Q : **What is the GST treatment on the supply of goods given relief under First and Second schedule of GST (Relief Order) 2014?**
- A : With the revocation of the GST (Relief Order) 2014, the supply of goods with effect from 1 June 2018 is subject to GST at the rate of 0%

80. Q : **Does a GST registered person need to apply for relief by Minister of Finance 1/2017 on services related to exported goods effective from 1 June 2018?**

A : There is no need to apply for relief.

INQUIRY

For any inquiries for this guide please contact:

Internal Tax Division
Royal Malaysian Customs Department
Level 3 – 7, Block A, Menara Tulus,
No. 22, Persiaran Perdana, Presint 3,
62100 Putrajaya.

FURTHER ASSISTANCE AND INFORMATION ON SST

Further information on can be obtained from:

- (i) SST website : <https://mysst.customs.gov.my>
- (ii) Customs Call Center:
 - Tel: 03-7806 7200 / 1-300-888-500
 - Fax: 03-7806 7599
 - Email: ccc@customs.gov.my