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- GST Matters

GST Orders

The following Orders in relation to Goods and Services Tax ["GST"] have recently been gazetted and will take effect from 1st June 2018:-

- i. GST (Rate of Tax) (Amendment) Order 2018
- ii. GST (Zero-Rated Supply) (Revocation) Order 2018
- iii. GST (Relief) (Revocation) Order 2018
- iv. GST (Imposition of Tax for Supplies in Respect of Free Zones) (Revocation) Order 2018
- v. GST (Application to Government) (Revocation) Order 2018
- vi. GST (Imposition of Tax for Supplies in Respect of Designated Areas) (Revocation) Order 2018

The salient amendments to the abovementioned Orders are summarised below:-

- Rate of GST
 - The existing GST rate of 6% will be reduced to 0%.
- Revocation of Orders
 - With the revocation of the abovementioned Orders, all supplies other than exempt supplies will be regarded as standard rated supplies at the rate of 0%.

Hyperlinks

- [Moore Stephens Malaysia](#)
- [Moore Stephens International](#)
- [Inland Revenue Board](#)

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Hyperlinks

The existing GST compliance requirements are still required to be adhered to despite the abovementioned amendments:-

- GST Registration
 - Any person who makes or will be making taxable supplies (at GST rate of 0%) is still required to be registered within the stipulated deadline if the supply reaches the prescribed threshold of RM500,000 for a period of 12 months.
- Furnishing of GST Returns and Payment of GST
 - Any registered person is required to submit its GST returns and remit GST payable (if any).
- Issuance of Tax Invoice
 - Any registered person shall issue a tax invoice for making the taxable supply and no tax shall be charged on that invoice. **[Note:** Royal Malaysian Customs Department (“RMCD”) has via its Frequently Asked Questions (FAQ) Transitional 6% - 0% (revised as at 17th May 2018) informed that tax invoice is not required to be issued if the supply is a zero-rated and a commercial invoice may be issued. A further clarification may need to be sought from RMCD.]

The potential transitional issues/implications as a result of the abovementioned amendments are summarised below:-

- Claiming of Input Tax Credit
 - Any registered person who provides wholly taxable supply is entitled to claim GST input tax credit in relation to those tax invoices he holds in the taxable period on/after 1st June 2018.
 - Any mixed supplier who provides both taxable and exempt supplies is required to identify and apportion his residual input tax for those tax invoices received on or after 1st June 2018 to taxable supply and exempt supply based on the prescribed formula of apportioning residual input tax.
- Supplies Spanning the Change in the GST Rate from 6% to 0%
 - For any supply spanning the change in the GST rate, GST shall be charged at 6% (i.e. the old rate) on the higher of the following amounts:-
 - full payment or part payment received before 1st June 2018; or
 - value of the supply of goods where the goods are wholly or partly removed or made available or the services are wholly or partly performed before 1st June 2018.
 - Please note that the general time of supply rule under Section 11 of the GST Act 2014 shall not apply in respect of the supplies spanning the change in the GST rate.

➤ [Section 66 of the GST Act 2014](#)

Hyperlinks

- Please refer to the following illustrations pertaining to the time of supply in determining the imposition of GST rate:-

Supply of Goods

Scenario	Date			GST Rate
	Delivery of Goods [100%] (Note)	Issuance of Tax Invoice	Payment Received [100%] (Note)	
1	before 01.06.2018	before 01.06.2018	before 01.06.2018	6%
2	before 01.06.2018	on/after 01.06.2018	on/after 01.06.2018	6%
3	on/after 01.06.2018	before 01.06.2018	on/after 01.06.2018	6%
4	on/after 01.06.2018	on/after 01.06.2018	before 01.06.2018	6%
5	on/after 01.06.2018	before 01.06.2018	before 01.06.2018	6%
6	before 01.06.2018	on/after 01.06.2018	before 01.06.2018	6%
7	before 01.06.2018	before 01.06.2018	on/after 01.06.2018	6%
8	on/after 01.06.2018	on/after 01.06.2018	on/after 01.06.2018	0%

Note: For cases where the value of the supply relates to the goods which are **partly removed** or made available before 1st June 2018 [“Value A”] OR where **part payment** is received before 1st June 2018 [“Value B”], GST rate of 0% shall be charged on the difference between the total amount of the supply and Value A, or Value B, as the case may be.

Supply of Services

Scenario	GST Rate
Services rendered before 1 st June 2018 and tax invoice is issued on/after 1 st June 2018	6%
Tax invoice issued and/or payment is received on/after 1 st June 2018 for continuous supply of services such as rental for the period from 16 th May 2018 to 15 th June 2018:-	
- 16 th May 2018 to 31 st May 2018	6%
- 1 st June 2018 to 15 th June 2018	0%
Deposit or down payment received before 1 st June 2018 in respect of services rendered on/after 1 st June 2018	6%

Hyperlinks

- Proposed Amendments to the GST Coding for Supply and Purchases Commonly Used

GST Code	GST Rate	Descriptions
SR-6	6%	Output tax on all taxable supplies made in Malaysia excluding zero-rated supply, exempt supply, out-of-scope supply, relief supply and disregarded supply
SR-0	0%	Output tax on all taxable supplies (including those formerly treated as zero-rated supply and relief supply) made in Malaysia effective 1 st June 2018 excluding exempt supply
TX-6	6%	Services and goods purchased where the GST payable is directly attributable to taxable supplies and is allowed to be claimed as input tax
TX-0	0%	Services and goods purchased where GST rate of 0% is levied on the supplies effective 1 st June 2018
IM-6	6%	Goods imported from overseas and clearance of goods is made before 1 st June 2018
IM-0	0%	Goods imported from overseas and clearance of goods is made on/after 1 st June 2018

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