



(From left) Sim, senior tax manager Chai Suk Phin, associate director Joshua Voon, partner Wong King Yu, Tham, executive director Julie Tan and Bong pose for a photo during the Deloitte Taxmax Seminar 2015 yesterday.

Businesses still face challenging times after GST

KUALALUMPUR: It will still be a challenging time for businesses following updates in the Goods and Services Tax announced in Budget 2016, Deloitte says.

According to tax manager Kane Bong, looking at GST from the budget, there has been expansion of zero-rating list and expansion of some services to be exempted.

All these changes will mean internal adjustments, changes in that businesses can charge the correct tax effective from whichever date that the exemption is going to start.

Furthermore, that there may also be additional burden to businesses because of the late payment penalty which was actually abolished when GST was being tabled in 2014.

"Now it has made a comeback after just a year and this caught us by surprise because we were

expecting customs to be lenient, at least for the first couple of years of implementation.

"But now with this late payment penalty, if there's any tax amount that is due and you do not pay it within 90 days, the compound rates can go up to 25 per cent of the amount due so that's actually quite heavy," he observed during the Deloitte Taxmax Seminar 2015 yesterday.

For that reason, Bong believes for businesses, "it could be quite a challenging time still."

Meanwhile, on corporate income tax, executive director Tham Lih Jiun noted that there is a lot of prohibitions in corporate income tax side to clarify under which circumstances businesses can now claim GST as part of their cost of doing business and qualify for deduction.

Since the introduction of GST, she said, that there has been a lot of queries on this issue and Budget 2016 has now come up with rules and regulations to clarify under what circumstances businesses can claim.

"Generally, the principle is if that GST becomes part of your cost of doing business, for example, if you are a property developer and you develop residential houses for sale.

"The GST incurred for purchasing all those materials become your cost of doing business and you cannot claim and you are not in any violation, meaning that if you are supposed to register, you do not register.

"So, you are complying with all other law, then that GST cost, now you can claim it for corporate income tax purposes," she explained.