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Tax Espresso
A snappy delight

Greetings from Deloitte Malaysia's Tax services group

GST developments

Get Updated with the Goods and Services Tax (GST) Bill 2014
… supersedes the GST Bill 2009 and proposed amendments in 2012

A new GST Bill 2014 has been tabled in Parliament on 31 March 2014.
It supersedes the old GST Bill 2009 and proposed amendments thereto in 2012. Some of the new provisions/changes in the GST Bill 2014 vis-à-vis the 2009/2012 draft legislation, are as follows.

(a) Change: Definition of "person" not proposed

The proposed amendment in 2012 to insert a wide definition of "person" to include, inter alia, a trust, is absent from this Bill. This could alter the GST compliance position for any trust making taxable supplies i.e. a trustee could likely be the person to register/file returns for GST purposes for any trust, as well as have its own GST registration/filing for the trustee's own supplies.

(b) New: Requirement for GST-inclusive prices in all price displays

This could have been enacted in regulations but Malaysia has chosen to legislate this in the Act. A taxable person may, however, apply to Customs for approval not to state GST-inclusive prices in price displays.

(c) Change: No mandatory requirement to issue tax invoice within 21 days of time of supply

Thankfully, not issuing the tax invoice within 21 days of time of

Issue 4/2014

Quick links:

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Customs GST portal

Treasury website on proposed amendments in 2012

Takeaways:
Update on the GST Bill 2014

Important deadlines:

Due date for 2015 tax estimates for companies with May year-end (1 May 2014)

6th month revision of tax estimates for companies with October year-end (30 April 2014)

9th month revision of tax estimates for companies with July year-end (30 April 2014)

Statutory filing of 2013 tax returns for companies with September year-end (30 April 2014)

supply would no longer be an offence!
However, the complicated 21-day rule still applies to determine the time of supply, instead of simplified rules like in New Zealand and Singapore where the time of supply is the earlier of 2 events i.e. issuance of tax invoice or receiving of payment.

(d) New: Self-billing provisions

The requirements for self-billing have been spelt out. Taxable persons would have to seek prior approval from Customs to treat as a tax invoice the self-billed invoice for receiving supplies of goods and services from suppliers, if (1) the value of the supplies received is not known by the supplier at the time of the supply, (2) the taxable person and his supplier are GST registered, (3) the taxable person and his supplier agree in writing to the self-billing arrangement, and (4) the supplier agrees not to issue a tax invoice for the same supply to the taxable person.

(e) Change: Penalty for late payment of tax abolished

The late payment of tax was supposed to trigger penalties of up to 25% of the tax outstanding. However, this has curiously been removed from this Bill. It begs the question: What is the disincentive for taxpayers who pay their GST beyond the stipulated deadline? (The deadline for paying tax, together with the filing of GST return, is basically the last working day in the month following the end of the taxable period.)

(f) Change: Mandatory requirement for foreign entities making taxable supplies in Malaysia to be registered for GST via appointment of local agent if they exceed registration threshold

With the low registration threshold of RM0.5 million per annum, this could potentially be a significant compliance issue for foreign entities making taxable supplies in Malaysia. The earlier provision made such registration optional and not compulsory. The change would broaden the tax net to cover foreign entities whilst providing consistency in GST treatment for both foreign and local suppliers of goods in particular.

(g) New: Free Commercial Zone (FCZ) deemed outside Malaysia for import and supply of goods

FCZ is to be treated differently from free industrial zones (FIZ) for the purpose of importation and supply of goods. Whilst FIZ are treated as within Malaysia and hence normal GST rules apply, for FCZ:

- Goods imported into FCZ for approved activities are not subject to GST.

- Goods supplied from FCZ to Malaysia (i.e. principal customs area or PCA) are treated as if imported into Malaysia and GST would be due on the importation.

- Goods supplied or removed from FCZ to a licensed warehouse or vice versa would be suspended from GST.

- Goods supplied within FCZ for approved retail trade activities are not subject to GST, unless prescribed otherwise.

This would, amongst other things, improve the cash flow of companies operating in FCZ since they would not be required to pay and claim credit of GST on such supplies, another piece of good news.

(h) Change: Additional restriction for zero rating non-reviewable contracts

The additional restriction is that the non-reviewable contract must have been entered into not less than 2 years before the GST effective date of 1 April 2015 i.e. on or before 1 April 2013. The GST effective date of 1 April 2015 was only announced by the Government on 25 October 2013. Thus, taxpayers who had entered into such contracts between 2 April 2013 and 25 October 2013 would have been caught off-guard.

Note: Besides the above, there are other amendments that are not dealt with in this publication. The GST Bill 2014 may be subject to change in its course through Parliament. Any view and comment expressed herein may be subject to change upon our further analysis/deliberation or clarification from the authorities.

We invite you to explore other tax related information at: **http://www.deloitte.com/view/en_MY/my/mysvc/mytax/index.htm**

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