

# Exploit the 'tax holiday' period at own risk

## David Thien

KOTA KINABALU: No taxation professionals are willing to advise manufacturing clients to buy and stock up raw materials or goods exploiting the tax holiday period from June 1 to Sept 1 when the Goods and Services Tax (GST) is 'zero' rated until the new Sales and Service Tax (SST) is expected to commence.

"We do not get involved in guesswork (on interpretations by the Royal Malaysian Customs Department). GST was supposed to bring in RM44 billion into government's coffers while SST was expected to bring in RM17 billion to RM30 billion. Businesses can expect strict enforcement on pricing issues.

"Businesses do so at their own risk. Property renovators, builders or developers who refused to certify construction progress work done in May to be brought forward to June to avoid GST may attract the Customs Department's audit. Expect GST audit to continue after June 1."

Larry James Sta Maria, a director of Deloitte Tax Services Malaysia, one of the foremost tax advisory practice, said this as he gave a presentation to its clientele at Hyatt Regency recently, adding that for contract work for services, complications can arise after June 1.

He said it is imperative to certify work done up to May 31 in all honesty. For vehicle parking companies with payment receipt pre-printed with GST calculations may need to rationalise their documentation as there are people who do not take kindly to pay GST after May 31.

Hence, proper valuation of work or services done or performed need to be properly agreed upon and documented with documents to be kept for seven years in case of GST audit by the Customs, unless contracts are finished or terminated by May 31, 2018.

He acknowledged that there are many



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cases like buyers refusing to take delivery of their cars booked in May telling the salesmen that they would only take possession in June to avoid paying the GST, leading to many car companies offering 6 per cent rebate in May.

For businesses that are charged GST after June 1, can still make claims for refund. There are still many businesses that have not obtained their SST refund prior to when the GST regime was enforced. However some banks insisted that legal firms stopped billing them with GST after June 1 even for work done in April and May.

Larry said: "Continue to persist with your claims. Just as the Customs reserve the right to audit you." He said that it was estimated that the outstanding GST claims not paid out yet to businesses by Customs amounted to some RM10 billion.

Nevertheless, he opined that, "Customs will have a good time checking everybody."

He revealed that the Federal Ministry of Finance (MoF) is driving policy rather than the Customs, and since a week ago, MoF is meeting various NGOs on the issue.

The Customs Department is keen to maintain all GST registered bodies. There is no intention of any de-registration move yet, as GST is merely 'zero' rated, not abolished.

The Kota Kinabalu Chamber of Commerce and Industry as well as others have indicated readiness of their business members to re-adapt to the new tax regime with the change of government.