



Indirect Tax Alert

Update of Malaysian GST return – Understanding the impact

Background

We had previously reported the amendment of the Malaysian GST return (“GST-03”) to insert a new item 15 “Total value of Other Supplies”. The amendment is contained in the Goods and Services Tax (Amendment) Regulations 2017 that was gazetted on 29 December 2017. At the time of the amendment, no information was provided that would explain what was to be included in item 15.

However, additional information is now available in the updated Accounting Software Guide that was issued on 5 February 2018 on pages 33 – 48; please [refer here](#) for the guide. In particular the following items would need to be included in item 15:

- a) Disregarded supplies;
- b) Out-of-scope supplies;
- c) Out-of-scope supplies made outside Malaysia which will be taxable if made in Malaysia;
- d) Supplies with no tax chargeable; and
- e) Supplies under the approved jeweller scheme.

Potential challenges

The most critical issue is time, as the January 2018 GST-03 is due in just over two weeks, and it would be challenging for any business to update their systems in order to collect accurate data to report. We expect that most businesses will need to do a manual calculation.

It is also unclear exactly what information needs to be included. Many items can be 'out of the scope' of GST but are also not supplies, e.g., penalties / compensation, disbursements, dividends, and it is unclear whether these need to be included. Another area that is unclear is whether supplies made outside of Malaysia should be reported by non-resident GST registrants (either operating through a resident agent or local branch). The lack of clarity is further compounded by the risk of penalties being imposed for incorrect returns under Section 88 of the GST Act 2014.

What should you do now?

We cannot discount the fact that the RMCD may be collating this information to examine in detail if these transactions should be within the scope of GST or consider revising the current GST regime to include these transactions.

We would recommend that you take immediate steps to try and calculate what should be reported in 'other supplies' for the purpose of the January filing. This may involve manual calculations and the use of other sources of information (e.g., general ledger).

For future filings, we would recommend reviewing the current tax codes and GST transaction classifications to assess what needs to change in your internal systems.

How can Deloitte assist?

We can assist you in understanding the changes in the context of your business, as well as plan and implement these changes. We are also happy to assist in reaching out to the RMCD to clarify any issues that are unclear.

Feel free to reach out to your usual Deloitte GST contact or any of our GST Leaders below.

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Best regards,

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