



## **Indirect Tax Alert Reporting of other supplies – Developments and clarifications**

In an unexpected but welcome move, the Royal Malaysian Customs Department ("RMCD") has once again revised the "Guide on Accounting Software Enhancement Towards GST Compliance".

The guide was originally revised in February to provide guidance on the new reporting requirement of the "Total value of other supplies" on field 15 of the GST return. Click [here](#) to find our February 2018 edition of GST chat which featured a write-up on this development.

In the updated guide, the RMCD has moved to provide more clarity to the subject which also includes a concession many GST registrants would be happy to discover. A summary of these changes is presented below.

### **Grace period**

Needless to say, many GST registrants were caught off guard by the new reporting requirements of field 15 and many were left scrambling getting their systems and processes updated to meet the new requirements. Thankfully, a grace period of 6 months was introduced in the revised guide giving tax payers **up to 30 June 2018** to prepare their systems to meet this new compliance requirement. This would mean that prior to 30 June 2018, it is not mandatory for GST registrants to declare their total value of other supplies in the GST return.

### **Definition of “Other supplies”**

Previously “Other supplies” was defined to be the following transactions:

- Disregarded supplies
- Supplies where tax is not chargeable
- Supplies under the Approved Jeweller Scheme
- Supplies made outside Malaysia or not within the scope of GST

In the revised guide, the RMCD has further clarified on transactions to be included and excluded as follows:

#### **Transactions to be included**

Transactions which involve payments that are received from another party or are treated as an income to the business. Examples of such transactions include:

- Disbursement;
- Refundable deposit;
- Contribution\*, donation\*, grant\*, sponsorship\* or compensation received from another party; and
- Transactions which are treated as neither a supply of goods nor services under Second Schedule of GST Act 2014 except payment or contribution made to the pension, provident or social security fund (e.g., EPF, SOCSO etc.).

*\*Transactions that have benefit in return to the provider only.*

## **Transactions to be excluded**

Transactions which involve payments that are made to another party or are treated as an expense to the business. Examples of such transactions includes:

- Goods given for free and cost to the donor is less than RM500;
- Payment/contribution made to EPF or SOCSO;
- Salary or allowance; and
- Accounting transactions, e.g., depreciation, classification of accounts, etc.

## **What can you do now?**

With the introduction of the grace period, GST registrants should look into updating their system as soon as possible to accommodate this reporting requirement. This could mean going back to the transaction profiling and ensuring not only the transactions affected are correctly tax coded but also ensuring that the correct value is reported.

It would be considered prudent to report all other transactions where any form of payment is received by the company, regardless of whether it is treated as income or not.

If you need further information or assistance, please feel free to reach out to us using any of our contacts below.

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