



Indirect Tax Alert
 Royal Malaysian Customs Department
 (“RMCD”) Transitional FAQ

On 25 May 2018, the Royal Malaysian Customs Department (“RMCD”) issued an [updated FAQ](#) on the transition from 6% to 0% of the standard rated supplies. The FAQ issued on 22 May 2018 has been cancelled.

We have highlighted below some of our comments:

FAQ no.	Deloitte Comments
4. Tax Invoice	
4.11	The GST rate on the self-billed invoice will depend on the applicability of section 66, which is basically dependent on when payment is received, the services involved are performed or the goods involved are removed/made available. The rate for self-billed invoice should not automatically be 0%.
6. Return	

6.4	It is now clear that the value of any supply subject to the standard rate of 0% provided after 1 June will need to be reported under column 5(a) in the GST-03.
6.5	If the goods or services were formerly zero rated based on the order, post 1 June the supplies should be a standard rated supply at 0%. The reporting of the supply should be reported in column 5(a). For any exportation of goods, the reporting should be in column 11 as the exportation of goods is still zero rated based on section 17 of the GST Act.
7. Section 66 GST Act 2014 (Change of rate)	
7.5	In this scenario, our view is that the free services to connected persons will be subject to the rate of 0% only if the services are performed after 1 June.
10. Supply made in designated area	
10.1, 10.2, 10.4 & 10.5	We are of the view that these supplies should be taxable supplies but not chargeable to GST (instead of zero rated), in accordance with section 155 of the GST Act and the revocation of the GST (Imposition of Tax for Supplies in respect of Designated Areas) (Revocation) Order 2018.
10.3 & 10.6	We are of the view that these supplies should be taxable supplies but not chargeable to GST (instead of zero rated), in accordance with section 155 of the GST Act
11. Supply made within the Free Zone	
11.1, 11.2, 11.4 & 11.5	We are of the view that these supplies should be taxable supplies but not chargeable to GST (instead of zero rated), in accordance with section 162(b) of the GST Act and the revocation of the GST (Imposition of Tax for Supplies in respect of Free Zones) (Revocation) Order 2018.
17. General	
17.21	The RMCD has taken a position where any retention sum which is related to supply made before 1 June 2018 will be subject to GST at 6% regardless payment is received on or after 1 June 2018.
17.27	If a GST registrant issues a credit note which results in a negative output tax amount under column 5(b), the RMCD has allowed to report the

figure as a positive value under column 6(b) as an input tax amount.

If a GST registrant receives a credit note which results in a negative input tax amount under column 6(b), the RMCD has allowed to report the figure as a positive value under column 5(b) as an output tax amount.

If you have any urgent questions that need to be addressed, please reach out to any of the contacts below or your usual Deloitte GST contact.

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Best regards,

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