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GST Alert All you need to know

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As an early New Year gift, amendments for GST Regulations, GST Relief Order, GST Exempt Supply Order and GST Zero Rated Supply Order have recently been published on the Malaysia Federal Gazette. The amendments will take effect from 1 January 2016 onwards.

We have summarized our understanding, at this stage, of the following key changes for your attention. Feel free to approach us to discuss the changes below - we would be glad to provide any further advice or training that you may require, based on your specific circumstances.

No,	Legislation	Changes	Deloitte Comments
1.	GST Exempt Supply Order Item 22, Second Schedule	Additional exemption on passenger transportation in aircraft of economy class operated by an operator for the route specified under the Rural Air Services (RAS) Agreement.	<p>This is consistent with the Budget 2016 announcement. According to the information from Ministry of Transport on RAS, the currently appointed operator to provide air services on specified routes within and between Sarawak, Sabah and Labuan is MASwings.</p> <p>One should note that it is only economy class domestic fares on routes within east Malaysia, by the operator under the RAS Agreement, is exempted from GST. The exemption does not extend to other transport services undertaken by MASWings within East Malaysia.</p>
2.	GST Zero Rated Supply Order Item 2, First Schedule	Addition of controlled drugs, medical devices and some other vegetables and basic food items into the ZR list.	This is consistent with the Budget 2016 announcement. Please note that several items such as peas (<i>Pisum sativum</i>) and manioc (cassava) were removed from the list at the same time.
3.	GST Zero Rated Supply Order	Services comprising the arranging of " <i>inbound tours</i> "	This indicates these service should be standard rated from 1 January 2016 onwards.

	Item 23, Second Schedule	have been removed from zero rated list.	
4.	GST Zero Rated Supply Order Item 27, Second Schedule	Expansion of zero rating for online services for newspaper to include journals and certain reading materials.	Online journals and reading materials under tariff codes 4905.91.000 and 4911.99.300 should be zero rated from 1 January 2016 onwards.
5.	GST Relief Order Item 5(c), First Schedule	<p>The words “<i>Universities and University Colleges Act 1971</i> (UUCA)” has been deleted; and the person to sign the relief certificate has been changed to the DG of Higher Education or any other officer authorized by him.</p> <p>The relief for acquisitions of the specified teaching aids has also been extended to Skills Training Providers that conduct training programs accredited under the National Skills Development Act 2006.</p>	<p>Institutions established under the UUCA may no longer enjoy GST relief when acquiring the specified teaching aids.</p> <p>In addition, the institution’s vice chancellor may no longer be authorized to sign the relief certificate and there may be additional time and process required to obtain the approval from DG of Higher Education.</p>
6.	GST Relief Order Item 16, First Schedule	Relief is now given to the re-importation of goods after being exported for promotion, research or exhibition; or under lease, hire and rental contract.	This is consistent with the Budget 2016 announcement.
7.	GST Relief Order Item 1&3, Second Schedule	No relief certificate is required for fundraising activities and purchases at duty free shops.	Please note Relief on the goods and services supplied in a fund raising events would still be subject to approval from DG of RMCD, among other conditions.

8.	GST Regulations - Regulation 38(1)(e)	The timing for claiming input tax credit (ITC) in relation to imported services has been revised to either the payment date or invoice date, depending on which date is applied when accounting for the output tax.	This is a significantly improved outcome as it seems to align with the proposed changes on time of supply for imported services and consequently there should be no timing difference between accounting for output tax and claiming input tax under the reverse charge regime. As a result, the reverse charge process may now be simply a paper trail rather than causing a cash flow consequence.
9.	GST Regulation – Regulation 41	Treatment of financial supplies as <i>incidental</i> financial supplies is no longer available in respect of such supplies made by investment holding companies.	Investment holding companies may become mixed supplier following this change with the result that partial exemption, annual adjustment and capital goods adjustments may be applicable. This is potentially a significant change for these entities.
10.	GST Regulations - Regulation 58	This amendment provides for the rewording of “ <i>registered person</i> ” to “ <i>taxable person</i> ” and deletion of sub-paragraph (e) that describe the period of capital goods adjustments	Capital goods adjustments (for mixed suppliers) should now be applicable when a person is registered or liable to be registered, as opposed to under the old provision where the same adjustments is only applicable after a person is registered for GST.
11.	GST Regulations - Regulation 91	Minor rephrase to clarify that a registered person can apply for Approved Toll manufacturer	This clears the previous confusion over whether each supply to a foreign person would need to

		Scheme (ATMS) if the <i>total</i> value of supplies made to <i>any</i> person who belongs in a country other than Malaysia is above two million Ringgit.	exceed two million Ringgit in order to participate in ATMS.
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For your reading pleasure, you may also find the copy of the legislations here:

[GST \(Amendment\)\(No. 2\) Regulations 2015](#)

[GST \(Exempt Supply\) \(Amendment\) \(No. 2\) Order 2015](#)

[GST \(Zero-Rated Supply\) \(Amendment\) \(No. 2\) Order 2015](#)

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