



## Indirect Tax Alert

### What you need to know about MyGCAP

The Royal Malaysian Customs Department (RMCD) has just issued the General Guide on the Malaysia GST Compliance Assurance Programme (MyGCAP).

The General Guide provides an overview of the objectives and benefits of MyGCAP, the eligibility conditions for applicants, the MyGCAP review process as well as the responsibilities of the Applicant and Reviewer.

#### Who is eligible?

Companies eligible for MyGCAP will be Public Listed Corporations (PLC), Government Linked Corporations (GLC) or companies with an annual turnover of RM100 million and above.

It is understood that for PLC's, only the actual listed entity will be eligible and not the subsidiaries of the PLC, unless they form part of a GST Group Registration.

#### **Additional eligibility conditions. The applicant:**

- Should be registered for GST for at least 2 years;

- Holds the latest unqualified audited financial statements;
- Must not be under GST investigation or audit;
- Has good compliance records on all matters relating to legislation administered by RMCD;
- Has committed to appoint an accredited MyGCAP Reviewer.

There will also be a "Self-Review Checklist" that the applicant will need to complete as a self-assessment to determine if they are eligible to apply for MyGCAP. This checklist has not been released yet.

### What are the benefits?

Businesses successfully granted MyGCAP status will enjoy specified benefits for a period of **4 years** from the approval date. A key benefit is according a waiver of penalties for voluntary disclosures of non-fraudulent errors detected under the MyGCAP Review that will be considered based on the merits of each case.

#### The other specified benefits are:

- (i) Expeditious GST refunds;
- (ii) Auto renewal of Special Schemes;
- (iii) Step-down of RMCD compliance activities and GST Audits unless significant anomalies or irregularities are noted in GST returns;
- (iv) A dedicated team of 'Subject Matter Experts'(SMEs) to assist and resolve GST issues expeditiously.

### What do I need to do?

MyGCAP applicants are required to appoint an accredited MyGCAP Reviewer Firm and facilitate the Reviewer in conducting the review.

Following completion of the review, applicants are then required to submit the following to RMCD within 6 months from the date of acceptance of the application:

- a) MyGCAP Reviewer's Report
- b) MyGCAP Control Checklist
- c) Detailed description of errors discovered during the review

- d) Quantification of the tax involved in the errors, if any, and to make a Voluntary Disclosure to RMCD
- e) Disclose any changes to business processes being planned ahead for the next 12 months

It was further clarified by RMCD, that the Reviewer should not be an entity that has been engaged by the applicant in the past to provide any GST advisory services (including in-house training). However, businesses are encouraged to undertake a 'self-review' or pre-assessment to determine whether they meet the basic requirements to be a MyGCAP applicant. This pre-assessment can be done by your existing GST advisor.

## The MyGCAP process

There is a 4-step approach which will be outlined with more details in the MyGCAP review guidance. Generally, the steps are as below:

1. Preparation for MyGCAP participation
2. The MyGCAP review
3. Submission of MyGCAP review report (within 6 months from the date of acceptance of MyGCAP participation)
4. Evaluation and approval by RMCD (Decision within 3 months from report)

A MyGCAP Reviewer Guide will be issued within the next month which is expected to provide more details on the programme including the control checklist, Reviewer obligations and independence requirements.

## MyGCAP Status

Companies successfully obtaining MyGCAP status are required to also meet the following compliance obligations:

- Settlement of all taxes arising from any errors discovered in the MyGCAP Review that were Voluntarily Disclosed. Taxes must be settled before the approval of the MyGCAP application.
- Disclosure of errors should also include recurring errors in declarations that involve GST in prior years.
- Do 2 post-reviews during the validity period of 4 years. The first post-review has to be completed within 18 months from the date of obtaining the status and the second post-review to be completed before the end of the validity period.

For renewal of MyGCAP status, the status holder is required to appoint an independent MyGCAP Reviewer to perform the review and to submit the review report within 3 months after

the expiry date. If the company renews the status, there is no need to perform a second post-review.

## How can Deloitte help?

Deloitte is undergoing the accreditation process and will be ready to conduct MyGCAP reviews once it officially commences. Concurrently, we will also be running workshops to assist you to be able to fully understand and appreciate the details of the Malaysian program.

We are also partnering closely with our counterparts in Singapore to ensure we fully leverage learnings from the Singapore experience to be effectively applied in Malaysia. In the interim, if you are interested in finding out more about how you could be impacted, or how we can assist you in undertaking some of the preliminary steps, please reach out to any of the contacts below or your usual GST contact to arrange a meeting.

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Best regards,

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