

## FREQUENTLY ASKED QUESTIONS (FAQ) TRANSITIONAL 6% - 0%

### STATUS OF GST

- Q1 : What does the MOF statement mean / What happens to GST?  
 A1 : All supplies of goods and services which are now subject to GST at standard-rated (6%) becomes zero-rated (0%) effective on 01 June 2018. Importation of goods is also subject to GST at zero-rated.
- Q2 : Is the MOF's statement applicable to an exempt supply?  
 A2 : An exempt supply goods or services is remain exempt. It does not change to zero-rated.
- Q3 : Do I need to wait for a letter issued by JKDM to change the rate to zero rated?  
 A3 : No, please impose GST at zero-rated (0%).

### REGISTRATION

- Q4 : Do I need to apply to cancel my registration?  
 A4 : No, cancellation is not required and you remain registered until further notice.
- Q5 : I have applied to register for GST but have yet to receive any approval, what should I do?  
 A5 : JKDM will continue to process the application.
- Q6 : I registered late and have been penalised with late registration penalties. Can the penalty be remitted?  
 A6 : Remission of penalties is under the discretionary power of the Director General. You are required to apply for the remission.
- Q7 : I would like to apply for voluntary registration under Section 24 of the GSTA 2014. Do I have to apply?  
 A7 : No, you do not have to apply for voluntary registration.

### DEREGISTRATION

- Q8 : I have ceased to be a registered person. What is the GST treatment on the business assets?  
 A8 : You are required to account for GST at zero rate.

### TAX INVOICE

- Q9 : Do you need to make amendments on the tax invoice from 6% to 0%?  
 A9 : Tax invoices is not required to be issued if the supply is zero-rated and a commercial invoices may be issued. Invoices can be amended from 6% to 0%.
- Q10 : I have mistakenly charged and collected GST at 6% after 01 June 2018. This means I have mistakenly charged GST. Do I have to account for tax collected at the rate of 6%?  
 A10 : Yes, GST at 6% should be accounted for if the amount of 6%GST is received and the credit note cannot be issued.

Q11 : Tax invoice was issued on goods supplied before 01 June 2018. GST was charged at 6%. However, payment was made and the goods was removed after 01 June 2018. What is the GST treatment?

A11 : GST is to be accounted at 6%.

Q12 : Tax invoice was issued on services supplied before 01 June 2018. GST was charged at 6%. However, payment was made and the services was performed after 01 June 2018. What is the GST treatment?

A12 : GST is to be accounted at 6%.

### **INPUT TAX CREDIT**

A13 : If supply supplied is set at zero rate, can I still claim input tax?

Q13 : Yes, the input tax claims are allowed in compliance with Section 39 and Regulation 38 of, GST Regulations 2014.

### **RETURN**

Q14 : Do I need to submit GST-03 return?

A14 : Yes. Registered person are still required to submit GST-03 until further notice. Sales of goods / services at 0% from 01 June 2018 is to be declared in column 10.

Q15 : I was charged a penalty for late submission of return under Section 41 (6) of the GSTA 2014. Can the penalty be remitted?

A15 : The power to impose compound is at the discretion of Public Prosecutor.

Q16 : I was charged a penalty for a late payment under Section 41 (7) of the GSTA 2014. Can the penalty be remitted?

A16 : It is the discretionary power of the Director General under Section 62 (2) of the GSTA 2014. The application of the remission shall be made.

### **SECTION 66 GSTA 2014 (CHANGE OF RATE)**

Q17 : I have issued a tax invoice at a rate of 6% and goods have been removed to the buyer at the time the GST rate was 0%. What am I required to do?

A17 : Tax shall be charged at the old rate of 6%.

Q18 : The goods were removed to the buyer at the time the GST rate was 6%, but the tax invoice was issued at the rate of 0%. What am I required to do?

A18 : Tax shall be charged at the old tax rate of 6%.

Q19 : The goods were removed to the buyer at the time the GST rate was 6%, and the tax invoice issued at the rate of 6%. However, payment only received at the rate of 0%. What needs to be done?

A19 : Tax shall be charged at the old rate of 6%.

Q20 : I have given free services to connected person. What is the GST treatment and do I need to account for output tax on the free services given?

A20 : It is a zero rated supply.

Q21 : What is the GST treatment on the goods given away as a gift with the amount exceeded more than RM500? Do I need to account output tax?

A21 : Output tax needs to be accounted at zero rate.

**IMPACT ON SCHEME**

Q22 : I am a holder of ATS/ATMS/MS/AJS/WS scheme, am I still required to issued scheme's monthly statement?

A22 : Yes.

Q23 : I am an outlet owner approved under the TRS scheme, what is the GST rate on the purchase of goods eligible under the TRS scheme?

A23 : Zero rate.

Q24 : Are tourists still entitled to claim the refund of tax?

A24 : Tourists are still entitled to claim the refund of tax under the TRS on purchases made from approved outlets and the purchases were subject to GST at the rate of 6%, subject to condition prescribed.

Q25 : If the tourist makes a purchase when the GST rate charged is 6% and he departs from Malaysia when the GST imposed is 0%, is the tourist still entitled to claim the GST?

A25 : Yes, if the purchase was made 3 months before the tourist departs from Malaysia.

Q26 : GST is suspended on the importation of goods made by a ATS holder. What is the treatment when the GST rate is 0%?

A26 : The GST rate to be applied is 0%.

Q27 : I am a secondhand car dealer under the margin scheme (Regulation 75, GST Regulations 2014). Am I required to account for GST on the margin?

A27 : GST rate on the margin is 0%.

**- Supply within warehouse**

Q28 : The supply of cigarettes and liquors made within the licensed warehouse is a disregarded supply. After 01 June 2018, what is the GST treatment for the supply?

A28 : The supply is a disregarded supply.

Q29 : What is the GST treatment on a supply of goods within a licensed warehouse?

A29 : No GST is imposed.

Q30 : What is the GST treatment on a supply of services made within the licensed warehouse?

A30 : The supply rate is 0%.

**- Importation : Removal of goods**

Q31 : What is the GST treatment in the importation or removal of goods from the licensed warehouse to the principal customs area?

A31 : The removal or importation is subject to GST at a zero rate.

Q32 : What is the GST treatment in the importation or removal of goods from a licensed warehouse to another licensed warehouse, free zone and to the designated area?

A32 : The removal or importation is subject to GST at a zero rate.

Q33 : What is the GST treatment if Form K1 or K9 has been declared and GST has been paid but the goods are removed from licensed warehouse when the supply is zero rated?

A33 : Remain at standard rate (6%). Importers are advised to remove the goods from licensed warehouse to principal customs area on the same day as the declarations are made.

Q34 : Referring to question 33, can I claim input tax?

A34 : Input tax credit is allowed provided the goods are removed by registered person.

**- Export**

Q35 : What is the GST treatment on goods exported from licensed warehouse to overseas?

A35 : Export is taxed at zero-rate.

**DISALLOWANCE OF INPUT TAX**

Q36 : I have sold a passenger car where the input tax claim was not allowed under Regulation 36 of the GST Regulation 2014. What is the GST treatment?

A36 : The sale of the passenger car is not subject to GST because it is not a supply.

**SUPPLY MADE IN THE DESIGNATED AREA**

Q37 : What is the GST treatment on the standard rated supply in the designated area?

A37 : The supply in the designated area is zero-rated.

Q38 : What is the GST treatment on the sale of cigarettes and liquor in a designated area?

A38 : The sale of cigarettes and liquor in the designated area is zero-rated.

**- Supply made in the designated area**

Q39 : What is the GST treatment on standard rated supply in a free zone such as cigarettes and liquor?

A39 : The sale of cigarettes and liquor in the free zone is zero-rated.

Q40 : What is the GST treatment on the supply of goods within the free zone?

A40 : No GST is charged.

Q41 : What is the GST treatment on the supply of services within the free zone?

A41 : It is a zero-rated supply.

**- Importation : Removal of goods from free zone**

Q42 : What is the GST treatment on the import / removal of goods from free zone to the principal customs area?

A42 : GST is charged at zero rate.

Q43 : What is the GST treatment on import / removal of goods from free zone to other free zones, licensed warehouse and designated area?

A43 : Removal / importation of goods is subject to zero rate.

Q44 : What is the CBP treatment if Form K1 has been declared and GST has been paid but the goods have been moved out of the free zone after 1<sup>st</sup> June 2018

A44 : It is standard rate (6%).

Q45 : Referring to question 44, can I claim input tax credit?

A45 : Input tax credit is allowed provided the goods are removed by registered person.

- **Export**

Q46 : What is the GST treatment on the exportation of goods from free zone to a place outside Malaysia?

A46 : Exportation of goods subject to GST at zero-rated rate.

**SUPPLY MADE WITHIN THE FREE ZONE**

Q47 : What is GST treatment on standard rated supply in free zones like cigarettes and liquor?

A47 : The supply in the free zone is zero-rated.

Q48 : What is the GST service on the supply of goods within the zone?

A48 : No GST is charged.

Q49 : What is the GST treatment on the supply of services within the free zone?

A49 : Zero-rated supply.

- **Importation : Removal of goods from free zone**

Q50 : What is the GST treatment on the importation / removal of goods from the Free Zone to the Principal Customs Area?

A50 : Removal / importation of goods is subject to zero rate.

Q51 : What is the GST treatment in the importation or removal of goods from free zone to another free zone, warehouse and designated area?

A51 : The removal or importation is subject to GST at a zero rate.

Q52 : What is the GST treatment if Form K1 has been declared and GST has been paid but the goods are removed from free zone when the supply is zero rated?

A52 : Remain at standard rate (6%). Importers are advised to remove the goods from free zone to principal customs area on the same day as the declarations are made.

Q53 : Referring to question 52, can I claim input tax?

A53 : Input tax credit is allowed provided the goods are removed by registered person.

- **Export**

Q54 : What is the GST treatment on the export of goods from a free zone to overseas?

A54 : Goods exported is chargeable at zero rate.

**PUBLIC RULING / ADVANCE RULING / DG DECISION / DECISION MADE BY JKDM**

Q55 : Are public rulings / advance rulings / DG's decisions / industry guidelines / policy papers from sectors related to GST treatment issued by JKDM still apply?

A55 : Rulings, decisions and guides are still applicable until further notice.

## **BILL OF DEMAND (BOD) / INVESTIGATION / PROSECUTION / APPEAL TO TRIBUNAL / COMPOUND**

Q56 : I have received a Bill of Demand (BOD) from JKDM claiming a certain amount of tax to be paid. Do I have to pay the BOD?

A56 : The BOD is still payable.

Q57 : My company has been investigated by JKDM for not submitting the GST-03 return, will the investigation stop?

A57 : No.

Q58 : My company has been charged by JKDM for failing to pay GST, will the proceeding continue?

A58 : Yes.

Q59 : My company has filed an appeal at the GST appeal tribunal, will my appeal continue?

A59 : Yes.

Q60 : My company has received a compound offer of RM5,000 for failing to submit the return. Do I have to pay the compound?

A60 : Yes.

## **BLACKLIST**

Q61 : Will blacklist action continue?

A61 : Yes.

## **TAX AGENT**

Q62 : What will happen to Tax Agents and do their services need to be continued?

A62 : Tax agents are still required for GST related matters.

## **AUDIT**

Q63 : Will the GST audit be continued and what is the timeframe to be taken. Is the registrant still required to keep documents / business records for 7 years?

A63 : GST audits will continue and business records are to be kept for 7 years.

## **GENERAL**

Q64 : What is SST?

A64 : SST refers to Sales Tax and Services Tax. Sales tax is levied on local manufactured and imported goods, while service tax is a tax imposed on prescribed services.

Q65 : I purchased my flight ticket before 01 June 2018 and scheduled to depart after 01 June 2018. Can I claim back the GST paid?

A65 : It depends on the conditions of the sale and purchase transaction between the seller and the buyer.

Q66 : Deposit (part payment) for the supply of goods / services has been paid before 01 June 2018 and goods / services are supplied after 01 June 2018. What is the GST treatment?

A66 : Part payment is subject to GST on the standard rate while the balance of payment if made after 01 June 2018 is subject to zero rate.

Q67 : Will the import duty / tax to be charged on hand carried goods by passengers be charge at 0%?

A67 : Import duty / tax on goods brought in with passengers is maintained at 10% ad valorem rate.

Q68 : Goods purchased and charged GST at standard rate (6%) are then returned to supplier at the time when GST is zero-rated (0%). What is the GST treatment?

A68 : The supplier should issue a credit note of the same sales value.

Q69 : Will Tourism Tax be continued?

A69 : Yes.

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