



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

Without prejudice.

Note: The FAQ dated 17 May 2018 is cancelled.

1. STATUS OF GST

- 1.1. S : What does the MOF statement mean / What happens to GST?
J : 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.
- 1.2. S : Is the MOF's statement applicable to an exempt supply?
J : An exempt supply goods or services is remain exempt. It does not change to zero-rated.
- 1.3. S : Do I need to wait for a letter issued by JKDM to change the rate to zero rated?
J : No, please impose GST at zero-rated (0%).

2. REGISTRATION

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

3. DEREGISTRATION

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

4. TAX INVOICE

4.1. S : Do you need to make amendments to the tax invoice to 0%?
J : Yes, tax invoices need to be issued and the standard rate of 6% is changed to 0%.

4.2. S : I made a supply after 01 June 2018 and charged GST at 6%. Tax invoice was issued to the buyer. This means I HAVE FULLY charged GST. Do I have to account for tax at 6%?
J : 1. Yes. If a credit note CANNOT be issued to the buyer, GST at 6% should be accounted for.
2. If a credit note can be issued and the company has accounted for the GST, the company may make adjustments via GST-03.

4.3. S : I have sold goods and have issued a tax invoice on 01 May 2018. The item was returned by the buyer on 30 June 2018. Should credit note be issued at a standard rate of 6% or a standard rate of 0%?
J : Credit note should be issued at 6% because it relates to a tax invoice that was issued on 01 May 2018.

4.4. S : I have sent my goods to the buyer on 25 May 2018. What is the GST treatment if the tax invoice is issued on 01 June 2018?
J : GST should be charged at 6%.

4.5. S : 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?
J : GST rate is 0%.

4.6. S : 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?
J : GST is to be accounted at 0%.

4.7. S : Tax invoice was issued on 15 June 2018 in respect of utility services granted from 15 May 2018 to 14 June 2018. What is the GST treatment on this supply?
J : GST should be charged at 6% up to 31 May 2018. From 01 June 2018, GST should be charged at 0%. Utility companies should make adjustments in subsequent bills.

4.8. S : The company has supplied goods / services before 01 June 2018. Tax invoices will be issued within 21 days from the date of supply of goods / services performed. What is the GST treatment applicable to the supply?
J : GST should be charged at 6%.

4.9. S : The company has supplied goods / services before 01 June 2018 and full payment has been received. The tax invoice will be issued after 01 June 2018. What is the GST treatment on such supply?
J : GST should be charged at 6%.

4.10. S : What is the GST rate on the self-billed invoice?
J : The GST rate is 0% in self-billed invoice.

5. INPUT TAX CREDIT

5.1. S : If supply supplied is set at zero rate, can I still claim input tax?
J : Yes, the input tax claims are allowed in compliance with Section 39 and Regulation 38 of, GST Regulations 2014.

5.2. S : Does a company making mixed supply need to continue apportioning on the input tax claimed?
J : Yes, input tax needs to be apportioned because the standard rate of 0% is a taxable supply.

5.3. S : Referring to question 5.2, do I need to make annual adjustments?
J : Yes.

6. RETURN

6.1. S : Do I need to submit GST-03 return?
J : 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.

6.2. S : I was charged a penalty for late submission of return under Section 41 (6) of the GSTA 2014. Can the penalty be remitted?
J : The power to impose compound is at the discretion of Public Prosecutor.

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

6.4. S : In which column in the GST-03 return do I need to declare for a supply that has changed to a standard rate of 0%?
J : In column 5 (a) of GST-03.

6.5. S : Where do I declare in GST-03 a supply that was formerly zero rated?
J : Declare in column 10 of GST-03.

6.6. S : My taxable period is 01 April 2018 to 30 June 2018. How should I declare the GST-03 return?
J : You must make a declaration of 6% standard rated sales before 01 June 2018 and 0% standard rated sales from 01 June 2018 in column 5 (a) of GST-03. Column 5 (b) is meant for declaration of GST due and payable for the period of April to May.

7. SECTION 66 GSTA 2014 (CHANGE OF RATE)

7.1. S : 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?
J : Tax shall be charged at the old rate of 6%.

7.2. S : 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?
J : Tax shall be charged at the old tax rate of 6%.

7.3. S : 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?
J : Tax shall be charged at the old rate of 6%.

7.4. S : 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?
J : It is a zero rated supply.

7.5. S : 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?
J : Output tax needs to be accounted at zero rate.

8. IMPACT ON SCHEME

8.1. S : Can a registered company still claim an additional flat rate (2%) as input tax?
J : Yes, because the 2% flat rate addition is still in effect as no amendment is made to Regulation 99, GST Regulations 2014.

8.2. S : I am a holder of ATS/ATMS/MS/AJS/WS scheme, am I still required to issued scheme's monthly statement?
J : Yes.

8.3. S : 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?
J : Zero rate.

8.4. S : Are tourists still entitled to claim the refund of tax?
J : 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.

8.5. S : 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?
J : Yes, if the purchase was made 3 months before the tourist departs from Malaysia.

8.6. S : GST is suspended on the importation of goods made by a ATS holder. What is the treatment when the GST rate is 0%?
J : The GST rate to be applied is 0%.

8.7. S : 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?
J : GST rate on the margin is 0%.

- Supply within warehouse

8.8. S : 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?
J : The supply is a disregarded supply.

8.9. S : What is the GST treatment on a supply of goods within a licensed warehouse?
J : No GST is imposed.

8.10. S : What is the GST treatment on a supply of services made within the licensed warehouse?
J : The supply rate is 0%.

8.11. S : What is the GST treatment if K1 or K9 forms has been declared and approved by the proper officer of customs before 1 June 2018 but GST has not been paid yet?
J : GST at standard rated (6%).

- **Importation : Removal of goods**

8.12. S : What is the GST treatment in the importation or removal of goods from the licensed warehouse to the principal customs area?
J : The removal or importation is subject to GST at a zero rate.

8.13. S : 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?
J : The removal or importation is subject to GST at a zero rate.

8.14. S : 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?
J : 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.

8.15. S : Referring to question 8.14, can I claim input tax?
J : Input tax credit is allowed provided the goods are removed by registered person.

- **Export**

8.16. S : What is the GST treatment on goods exported from licensed warehouse to overseas?
J : Export is taxed at zero-rate.

9. DISALLOWANCE OF INPUT TAX

9.1. S : 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?
J : The sale of the passenger car is not subject to GST because it is not a supply.

10. SUPPLY MADE IN THE DESIGNATED AREA

10.1. S : What is the GST treatment on the standard rated supply in the designated area?
J : The supply in the designated area is zero-rated.

10.2. S : What is the GST treatment on the sale of cigarettes and liquor in a designated area?
J : The sale of cigarettes and liquor in the designated area is zero-rated.

- **Supply made in the designated area**

10.3. S : What is the GST treatment on standard rated supply in a free zone such as cigarettes and liquor?
J : The sale of cigarettes and liquor in the free zone is zero-rated.

10.4. S : What is the GST treatment on the supply of goods within the free zone?
J : No GST is charged.

10.5. S : What is the GST treatment on the supply of services within the free zone?
J : It is a zero-rated supply.

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

10.6. S : What is the GST treatment on the import / removal of goods from free zone to the principal customs area?
J : GST is charged at zero rate.

10.7. S : What is the GST treatment on import / removal of goods from free zone to other free zones, licensed warehouse and designated area?
J : Removal / importation of goods is subject to zero rate.

10.8. S : 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 1st June 2018
J : It is standard rate (6%).

10.9. S : Referring to question 10.8, can I claim input tax credit?
J : Input tax credit is allowed provided the goods are removed by registered person.

- **Export**

10.10. S : What is the GST treatment on the exportation of goods from free zone to a place outside Malaysia?
J : Exportation of goods subject to GST at zero-rated rate.

11. SUPPLY MADE WITHIN THE FREE ZONE

11.1. S : What is GST treatment on standard rated supply in free zones like cigarettes and liquor?
J : The supply in the free zone is zero-rated.

11.2. S : What is the GST service on the supply of goods within the zone?
J : No GST is charged.

11.3. S : What is the GST treatment on the supply of services within the free zone?
J : Zero-rated supply.

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

11.4. S : What is the GST treatment on the importation / removal of goods from the Free Zone to the Principal Customs Area?
J : Removal / importation of goods is subject to zero rate.

11.5. S : What is the GST treatment in the importation or removal of goods from free zone to another free zone, warehouse and designated area?
J : The removal or importation is subject to GST at a zero rate.

11.6. S : 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?
J : 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.

11.7. S : Referring to question 11.6, can I claim input tax?
J : Input tax credit is allowed provided the goods are removed by registered person.

- **Export**

11.8. S : What is the GST treatment on the export of goods from a free zone to overseas?
J : Goods exported is chargeable at zero rate.

12. PUBLIC RULING / ADVANCE RULING / DG DECISION / DECISION MADE BY JKDM

12.1. S : Are public rulings / advance rulings / DG's decisions / industry guidelines / policy papers from sectors related to GST treatment issued by JKDM still apply?
J : Rulings, decisions and guides are still applicable until further notice.

13. BILL OF DEMAND (BOD) / INVESTIGATION / PROSECUTION / APPEAL TO TRIBUNAL / COMPOUND

13.1. S : 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?
J : The BOD is still payable.

13.2. S : My company has been investigated by JKDM for not submitting the GST-03 return, will the investigation stop?
J : No.

13.3. S : My company has been charged by JKDM for failing to pay GST, will the proceeding continue?
J : Yes.

13.4. S : My company has filed an appeal at the GST appeal tribunal, will my appeal continue?
J : Yes.

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

14. BLACKLIST

14.1. S : Will blacklist action continue?
J : Yes.

15. TAX AGENT

15.1. S : What will happen to Tax Agents and do their services need to be continued?
J : Tax agents are still required for GST related matters.

16. AUDIT

16.1. S : Will GST Audit be continued after 01 June 2018?
J : Yes.

16.2. S : Is the registrant required to keep a document / business record for 7 years?
J : Yes.

17. GENERAL

17.1. S : What is SST?
J : 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.

17.2. S : I purchased my flight ticket before 01 June 2018 and scheduled to depart after 01 June 2018. Can I claim back the GST paid?
J : It depends on the conditions of the sale and purchase transaction between the seller and the buyer.

17.3. S : 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?
J : 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.

17.4. S : Will the import duty / tax to be charged on hand carried goods by passengers be charge at 0%?
J : Import duty / tax on goods brought in with passengers is maintained at 10% ad valorem rate.

17.5. S : 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?
J : The supplier should issue a credit note of the same sales value.

17.6. S : Will Tourism Tax be continued?
J : Yes.

17.7. S : Starting from 01 June 2018, what is the GST treatment for government departments registered under GSTA 2014?

J : The supply to the government department is 0% and the supply by the government department is out of scope.

17.8. S : I am not a GST registered person. I still have stock of goods that have been charged GST 6% after 01 June 2018. Can I claim refund?

J : No.

17.9. S : For reverse charge, do I have to account for GST?

J : Yes, at a standard rate of 0%.

17.10. S : Do I need to change the price tag which currently shows a 6% tax rate?

J : In the event immediate action cannot be taken, the company is allowed to place a notice at a prominent place where customers can see informing that the 6% tax rate has changed to 0% starting from 01 June 2018. The company is given until 30 June 2018 to replace the price tag.

17.11. S : Does the insurer have to refund the GST paid by the policyholder if the insurance cover is made under an agreement for a period from 01 Jan 2018 to 31 Dec 2018 and the tax invoice and the payment related to the supply for that period has been made before 01 June 2018 ?

J : No.

17.12. S : What is the status of banks appointed as a GST collector after June 01, 2018?

J : The status of banks appointed as GST Collector remains as it is (status quo).

17.13. S : What is the GST treatment on the supply of goods specified as zero-rated supplies under Schedule 1 of the GST (Zero Rate) Order 2014?

J : Standard rate 0%.

17.14. S : What is the GST treatment on the supply of services specified as zero-rated supplies under Schedule 2 of GST (Zero Rate) Order 2014?

J : Standard rate 0%.

17.15. S : Referring to questions 17.13 and 17.14, does a tax invoice need to be issued?

J : Yes.

17.16. S : I have received a payment (of RM100,000) on 20 May 2018 for the supply of goods. Goods were delivered to buyer on 02 June 2018. What is the GST treatment for that supply?

J : 6% GST has to be accounted for payment received. Use tax fraction (6/106) to determine the amount of tax to be accounted for.

17.17. S : I have claimed a bad debt relief before 01 June 2018. After 01 June 2018, the debtor has repaid the amount which I have claimed as bad debt relief. What is the GST treatment on repayment of bad debts relief if repayment is made after 01 June 2018?

J : Repayment of bad debts should be accounted for at a rate of 6%.

17.18. S : What is the GST treatment for reimbursement related to a supply before 01 June 2018?
J : Reimbursement after 01 June 2018 is treated as a new supply and subject to GST at 0%.

- **Tax code**

17.19. S : What tax code will be used when a standard rated supply (6%) is changed to a standard rated supply (0%)?
J : The SR code or any code that the company uses for standard rated local supplies.

17.20. S : For credit note and debit note issued on or after 01 June 2018 but in respect of tax invoices issued before 01 June 2018 at 6%, what is the tax code to be used for adjustment purposes?
J : For credit note and debit note issued on or after 01 June 2018 but in respect of tax invoices issued before 01 June 2018 at 6%, what is the tax code to be used for adjustment purposes?

17.21. S : What tax code will be used for purchases at standard rate 0%?
J : The ZP code or any code that the company uses for purchases at 0%.

The information provided in this FAQ's aim to provide better understanding of GST treatment and is not intended to address all possible GST issues. The information is correct as at the date of publication. RMCD has the right to amend or withdraw this FAQ.

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