



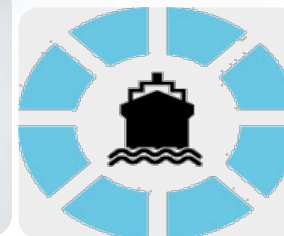
GST Treatment For Specific Industry

Transportation Industry

**Members of Johor Port Shipping
and Forwarding
&
Members of Johor Freight
Forwarders**



Date 19 December 2012
Place : Menara JKDM, Johor



Briefing Agenda

1. Why GST?
2. What is GST?
3. Proposed GST Model
4. Registration
5. Responsibilities and Obligation of Registered Person
6. GST Treatment on Supplies Made by Transportation Industry
7. Transitional Period

1

Why GST?

Why GST?

- Part of the government's tax reform programme to make it more efficient, effective, business friendly, transparent and capable of generating a more stable source of revenue

→ effective

- self policing
- in-build cross checking features
- able to address inherent weaknesses of the current sales tax and service tax

→ efficient

- less bureaucracy

Why GST?

→ business friendly

- availability of various schemes
- reduce business cost

→ Transparent

- GST will be shown on the invoice
- public ruling

→ capable of generating a more stable source of revenue

- not susceptible to economy downturn (unlike income tax)
- enhance tax compliance
- depleting resource (petroleum)

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What is GST?

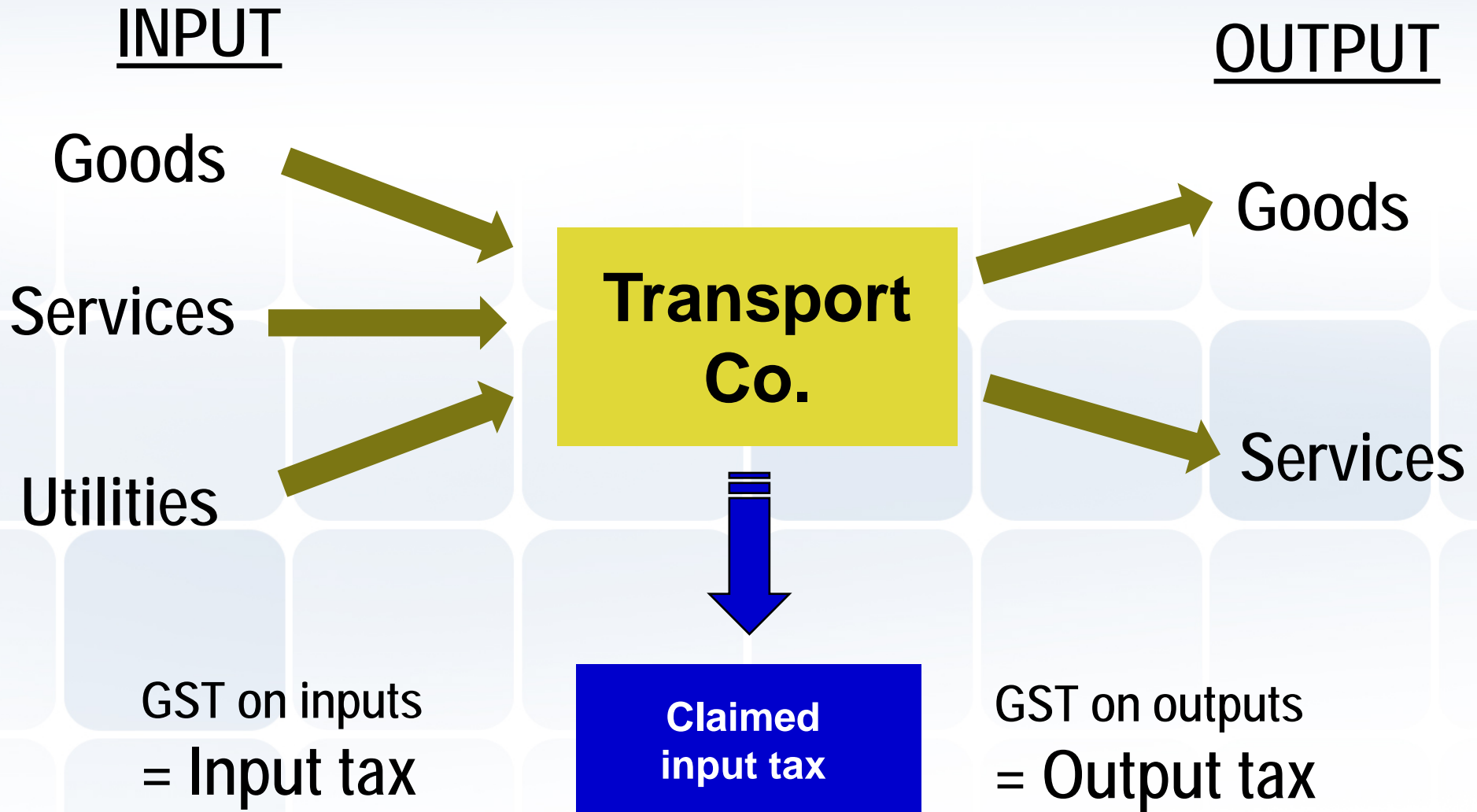
What is GST?

- A consumption tax in the form of value added tax
 - each stage of business transaction up to the retail stage of distribution
- Also known as Value Added Tax (VAT)
- GST incurred on inputs is allowed as a credit to the registrant
 - offset against output tax

Scope and charge

- GST is charged on
 - the taxable supply of goods and services
 - made by a taxable person
 - in the course or furtherance of business
 - in Malaysia
- GST is charged on imported goods and services

What is GST?



What is GST?

Types of supply	Output tax	Input tax
Standard-rated	4%	Claimable
Zero-rated	0%	Claimable
Exempted	No GST charged	Not claimable

How GST Works? Standard-Rated

GST AT 4%



Repair & Maintenance Services

**Supplier
claims back
GST**



Transportation Co.

**Transportation
company
claims back
GST**



Consumer

**Consumer
pays
4%
GST only**

GST Mechanism (standard rate)

Business Entity	Sales (RM)	Tax on Output (RM)	Tax on Input (RM)	Net Tax Paid (RM)
Supplier	10.00	0.40	0	0.40
Manufacturer	50.00	2.00	0.40	1.60
Wholesaler	70.00	2.80	2.00	0.80
Retailer	100.00	4.00	2.80	1.20
GST collected by the Government				4.00

GST rate at 4%

How GST Works? Zero-Rated

GST AT 4%

GST AT 0%



Repair & Maintenance Services

**Supplier
claims back
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company
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Consumer

**Consumer
pays
0%
GST only**

GST Mechanism (zero rate)

Business Entity	Sales (RM)	Tax on Output (RM)	Tax on Input (RM)	Net Tax Paid (RM)
Sugar cane supplier	10.00	0.40	0	0.40
Manufacturer	15.00	0	0.40	-0.40
Wholesaler	20.00	0	0	0
Retailer	25.00	0	0	0
GST collected by the Government				0

GST rate at 0%

How GST Works? Exempted

GST AT 4%

NO GST



Supplier



**School Bus
Operator**



Consumer

**Supplier claims
tax paid on
input**

**School bus
operator cannot
claim tax paid
on input**

**Consumer
does not
pay any
GST**

GST Mechanism (exempt)

Business Entity	Sales (RM)	Tax on Output (RM)	Tax on Input (RM)	Net Tax Paid (RM)
Manufacturer	40.00	1.60	0*	1.60
Wholesaler	50.00	2.00	1.60	0.40
Supplier	70.00	2.80	2.00	0.80
Hospital	100.00	0	2.80	0
Total GST collected by the Government				2.80

GST exempt

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Proposed GST Model

Proposed GST Model

- To replace current tax system

~~Sales Tax &
Service Tax (SST)~~

~~5%, 6%, 10% & specific rate
Various threshold~~



Goods and Services
Tax (GST)

Rate = 4 %
Threshold = RM500,000

- GST is charged on goods and services that are
 - ✓ supplied in Malaysia
 - ✓ imports

Proposed GST Model (Zero-rate Supply)

0%

Agriculture products – paddy & fresh vegetables

Foodstuff – rice, sugar, table salt, plain flour, cooking oil

Livestock supplies – meat, muttons, swine

Poultry & eggs

Fish, prawn, cuttlefish, crabs, oyster, cockles, etc.

Supply of the first 200 units of electricity to domestic users

Supply of the first 35m³ of water to domestic users

Exported goods and services

Proposed GST Model (Exempt Supply)

~~**GST**~~



Rail



Buses



Taxi/ Hired car



Highway toll



Water transportation



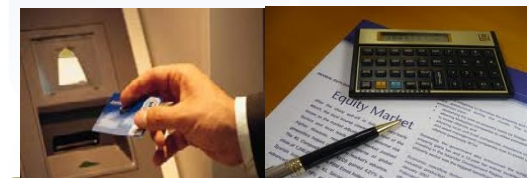
Land for general use



Private health & education



Residential property



Financial services

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Registration

Liable to register for GST

- making taxable supplies of goods or services in Malaysia; and
- business taxable turnover has exceeded the prescribed threshold (RM 500,000 per year)

Taxable turnover

Includes

- ✓ **Standard Rated Supplies**
- ✓ **Zero Rated Supplies**
- ✓ **Deemed Supplies such as private use, etc.**
- ✓ **Disregarded Supplies in relation to:**
 - ✓ Group registration
 - ✓ Joint Venture
 - ✓ Toll manufacturer to overseas principal (services performed)

Excludes

- ✓ **Exempt Supplies**
- ✓ **Sale of Capital Assets**
- ✓ **Imported Services**
- ✓ **Out of Scope Supplies**
- ✓ **Disregard Supplies in relation to :**
 - ✓ Warehousing scheme
 - ✓ Designated Areas
 - ✓ Toll manufacturer to local buyer

Voluntary Registration

- businesses below threshold may apply
- once registered must remain in the system for at least 2 years

Registration of Branches

- may apply if it is difficult to submit a single return and your branches are:
 - ✓ self-accounting
 - ✓ separately identifiable by reference to the nature of their business

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Responsibilities and Obligations of Registered Person

- Issuance of tax invoice
- Submission of returns
- Payment of tax
- Keeping of records

- Types of tax invoice when making taxable supplies
 - ✓ full tax invoice
 - ✓ simplified tax invoice



e-Business Sdn.Bhd.
1000 Jalan Tipu, Bandar Reka
Negeri Sembilan

Tel: (06)68707878

GST No. 1234567-8-9

No. 007

Serial number

Supplier Identification

Tax Invoice

Invoice Date: 21.11.2011

Date of invoice

The words "tax invoice" in a prominent place

TO:
Bisnes Gagal Jaya Sdn. Bhd
100, Jalan Dusta
Putra Cipta
Selangor

SHIP TO:
Bisnes Gagal Jaya Sdn. Bhd

Name and address of person being supplied

DATE	YOUR ORDER #	OUR ORDER #	SALES REP.
11.9.2011	1123	221	Rambo

Sufficient description

NO	ITEM	UNITS	DESCRIPTION	DISCOUNT %	TAXABLE	UNIT PRICE	TOTAL
1.	70467	10	utensil	-	4%	100	1000.00
2.	10230	100	Box	-	4%	23	2300.00

Subtotal	3300.00
Discount	300.00
Sub-total	3000.00
GST 4%	120.00
Total	3120.00

The total amount payable excluding tax, the rate of tax and the total tax chargeable shown as a separate amount.
The total amount payable including the total tax chargeable

Credit terms: 30 days

E.OE Authorised Signature:

Issuance of Tax Invoice

© C SERVICES & TRADING

GST REG. 1234-567

30 JALAN 37, TAMAN AWAM
BANDAR BARU SALAK JAYA,
43900 SEPANG

Phone: 03-87066078
Fax: 03-87066079
E-mail: someone@yahoo.com

Supplier Identification

Cash Sale

Invoice No. 11209
Date: 12.11.2011

Date of invoice

Bill To:

S. FULAN
30, JALAN SEROJA
SEPANG

Sufficient description

No	Item	Units	Description	Unit Price	Total
1	2022	1	PLASMA TV SOMY 56 INCH	8999.00	8999.00
				Price	8999.00
				Discount	500.00
				Subtotal	8499.00
				Total	8838.96

Price inclusive of GST 4%

The total amount payable including tax

Issued by: JUALI

Taxable Period

- Regular interval period where a taxable person accounts and pays GST to the government
- To determine at the time when the GST registration is approved
 - ✓ quarterly basis
 - ❖ for businesses with annual turnover not exceeding RM5 million
 - ✓ monthly basis
 - ❖ for businesses with annual turnover exceeding RM5 million
 - ✓ six months basis
 - ❖ special case
- A taxable person may apply to be placed in any other category other than his pre-determined taxable period

Submission of Tax Return

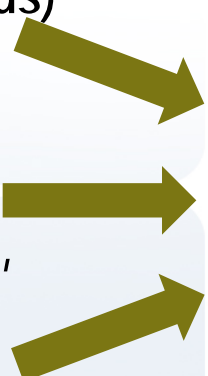
INPUT

Goods (bus, taxi, petrol, diesel and other goods)

Services (rental, telephone repair and maintenance services, and insurance)

Utilities (electricity and water)

GST on inputs
= **Input tax**



Transport Co.



Claimed input tax

OUTPUT

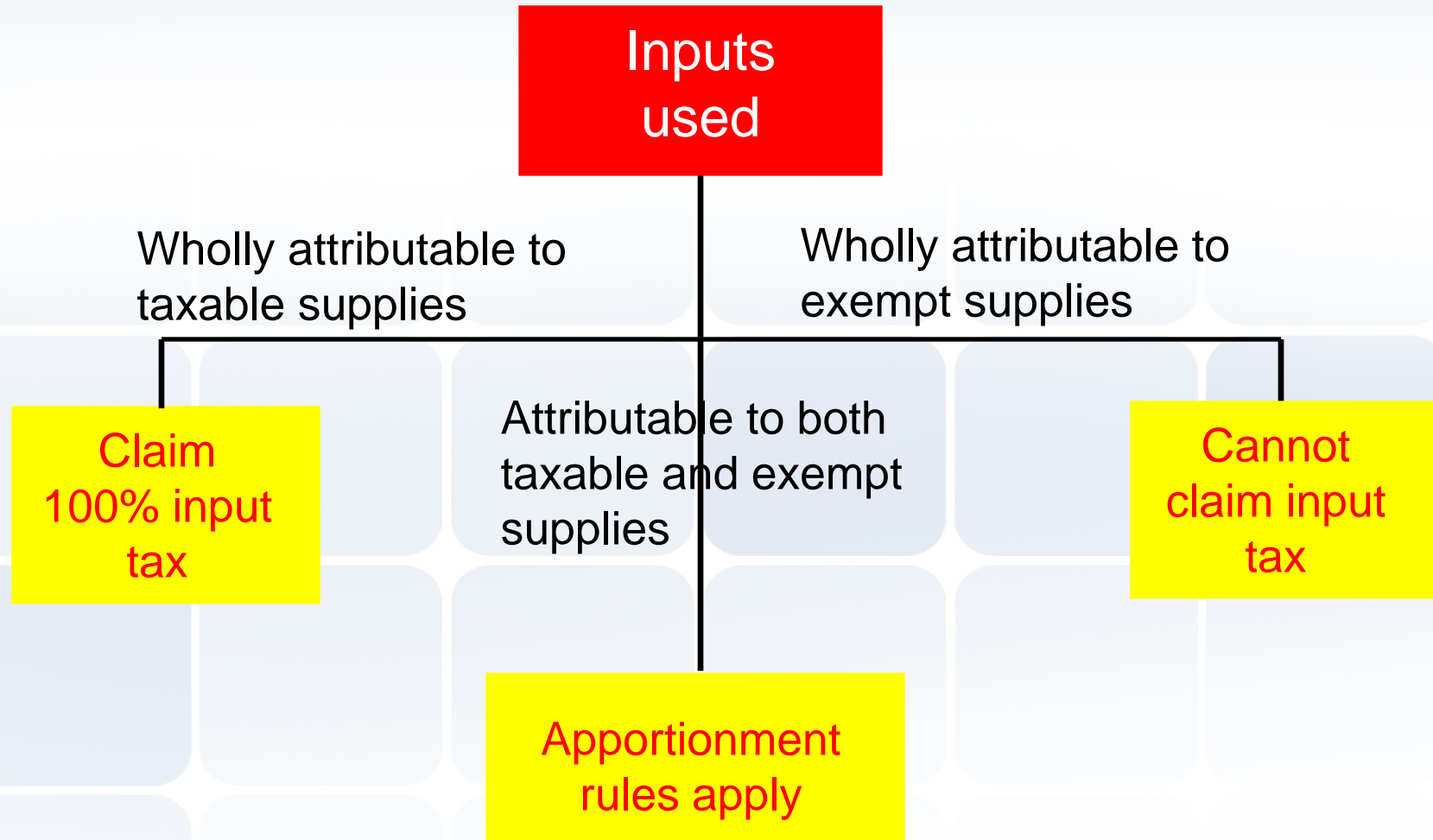
Goods (bus, taxi, ship and other goods)

Services (chartering services and transportation services)



GST on outputs
= **Output tax**

Input Tax Credit



- No apportionment if can attribute wholly to taxable or exempt supplies
 - full input tax if wholly attributable to taxable supplies
 - no input tax if wholly attributable to exempt supplies
- Apportionment rules
 - applicable when goods and services are used for both taxable and non-taxable

Prerequisite for ITC Claim

- Claimant must be a taxable person
- Must have a valid tax invoice
- Invoice issued under the name of the claimant
- Goods and services acquired are not subject to any input tax restriction e.g. motorcars
- Goods and services are acquired for the purpose of making taxable supply

Input Tax Credit

- Cannot claim input tax even though GST is chargeable
- Blocked supplies:
 - passenger motor cars including hiring
 - family benefits
 - club subscription fee
 - medical and personal accident insurance
 - medical expenses
 - entertainment expenses except for employees

Note: No GST will be imposed on subsequent supply of the above item

Last day to pay tax

- last day of the month following the taxable period
 - ✓ if last day is a holiday
 - ❖ the following working day
- late payment
 - ✓ penalty up to maximum 25% to be imposed

- **Bad Debt Relief**

- ✓ entitle to relief on bad debts if the taxable person has not received any payment or part of payment in respect of the taxable supplies

- **Conditions to apply relief**

- ✓ GST has been paid
- ✓ has not received any payment or part payment 6 months from the date of supply or the debtor has become insolvent before the period of 6 months has elapsed
- ✓ sufficient efforts have been made to recover the debt

Records

- Bahasa Malaysia or English
- 7 years
- can be kept in soft or hard copy
- to be kept in principal place of business

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GST Treatment on Supplies Made by Transport Industry

- **Passenger Transportation**
- **Freight Transportation**
- **Other Related Services**

Standard Rate

- **Local Transportation by:**
 - **Air Mode Transportation**
 - **Airport Taxi**
 - **Charter Bus**
 - **Limousine Taxi**
 - **Hire and Drive**
 - **Recreational Transportation**

Zero Rate

- **All International Transportation**
- **Local Transportation services which is part of international journey provided that it is**
 - **Same supplier**
 - **Uninterrupted**

Exempt

- **Public Transport Services by:**
 - **Stage bus**
 - **School bus**
 - **Employee bus**
 - **Mini bus**
 - **Express bus**
 - **Taxi Cab**
 - **Rail**
 - **Ferry and boat**

GST Treatment for Freight Transportation

Standard Rate

- **Local Transportation Services**

Zero Rate

- **All International Transportation**
- **Local Transportation services which is part of international journey provided that it is**
 - **Same supplier**

❖ **include postal services**

Zero Rated Supply

❖ **Services related to cargo**

- **loading, unloading, handling or storage services by a port or airport operator for goods carried or to be carried in a ship or aircraft**
- **Cargo handling services provided by the same supplier of international transport services**

❖ **Services related to ship/aircraft**

- **Navigation services**
- **Ship/Aircraft handling services**
- **Charter of ship/aircraft used outside Malaysia**
- **Repair and maintenance of qualifying ship**
- **Ship store & Bunker oil/fuel to be used for international journey**



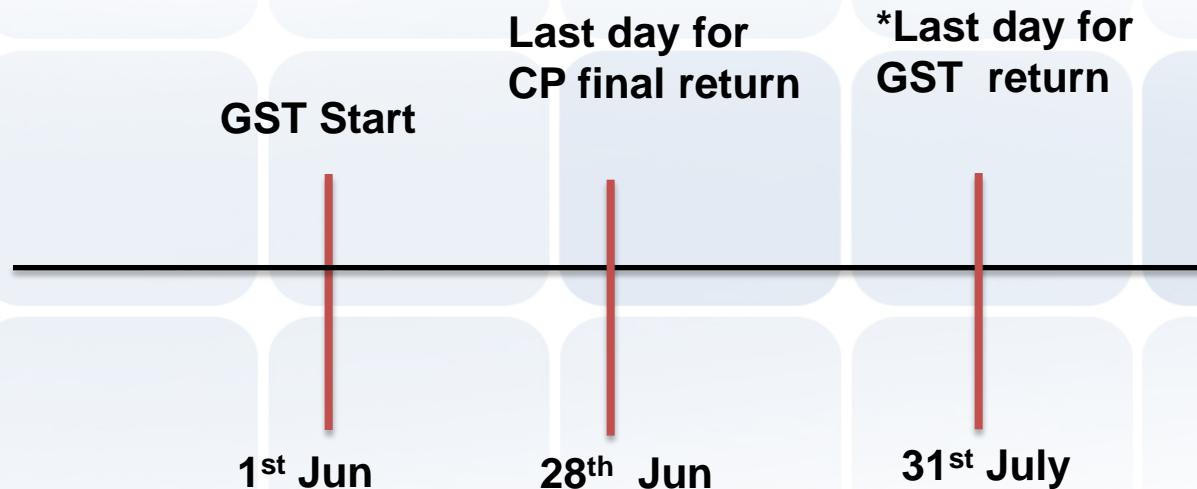
Transitional Period

Services Tax Licensee

- **No service tax on or after appointed date**
- **Power to collect, refund or remit service tax**
- **Account service tax on**
 - **taxable services provided during last taxable period**
 - **taxable services provided preceding last taxable period but no payment is received**
- **Furnishing of final return and pay service tax**

Final return for services tax

- **Final return to be submitted not later than 28 days from the date of GST implementation**

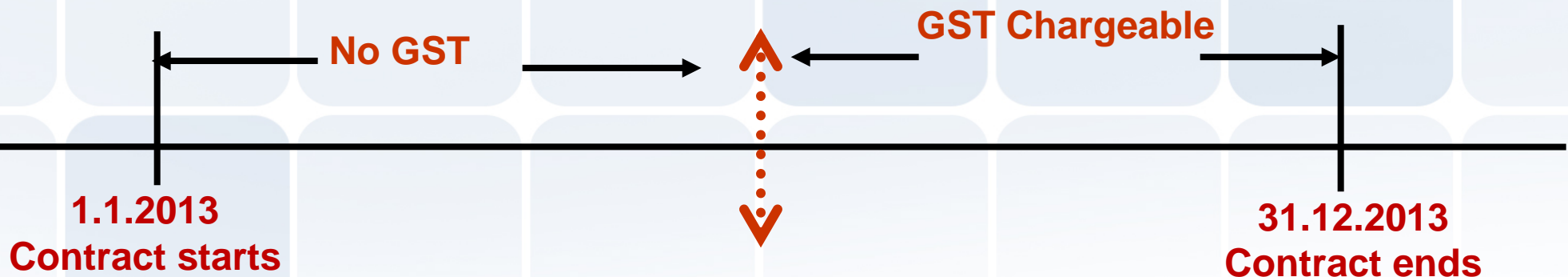


*** For taxable person with monthly taxable period**

Supply Spanning

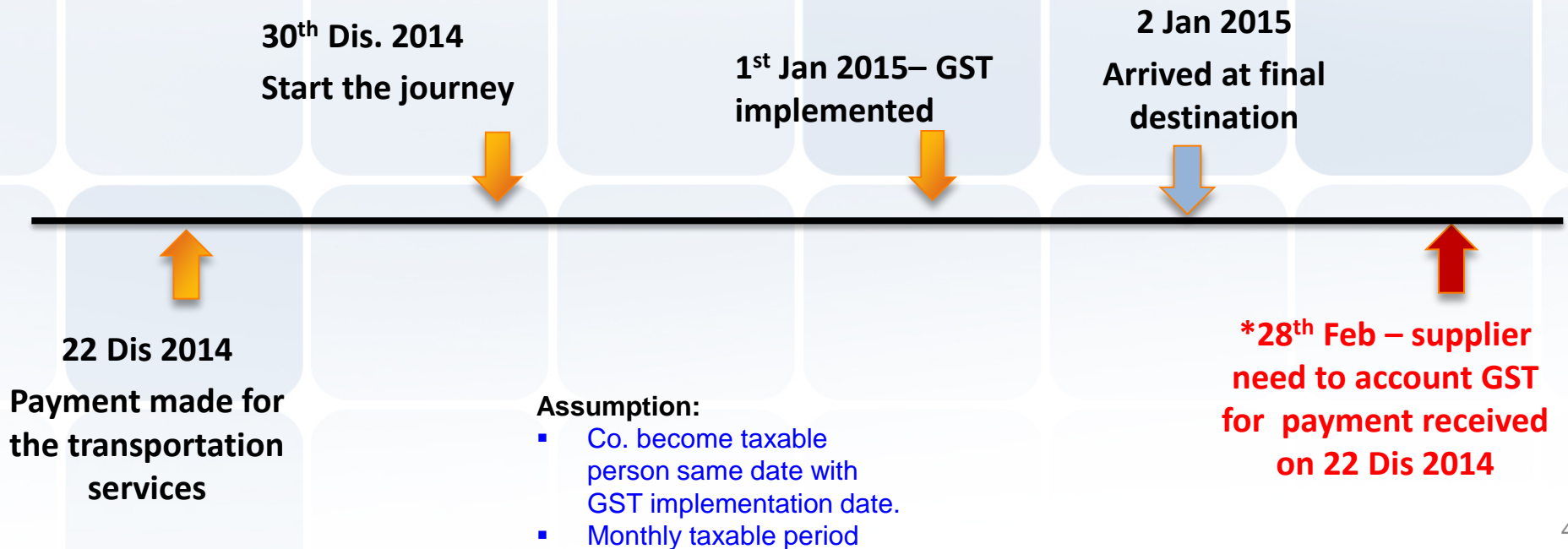
- Where the supply of services spans before and after GST, to charge GST on the consideration on/after GST implementation date
- GST to be imposed at the time when goods are removed or when services are performed

GST commences on 1.7.2013



Supply Spanning

- If payment received before GST implementation date:
- **Example:**
 - A transportation services begin before GST but arrived at the final destination after GST and the payment is received before GST implementation date.



Supply Spanning – Calculation

Date	Chronology	Notes
22 Dec 2014	Received Payment	RM 5,000.00
30 Dec 2014	Journey begin	
1 Jan 2015	GST Commence and become GST Registered Person	
2 Jan 2015	Arrived at final destination	
28 Feb 2015	Last day to submit return and account for GST for payment received on 22 Dec. 2014	RM 96.15

Value of supply : RM 5,000 (no GST)

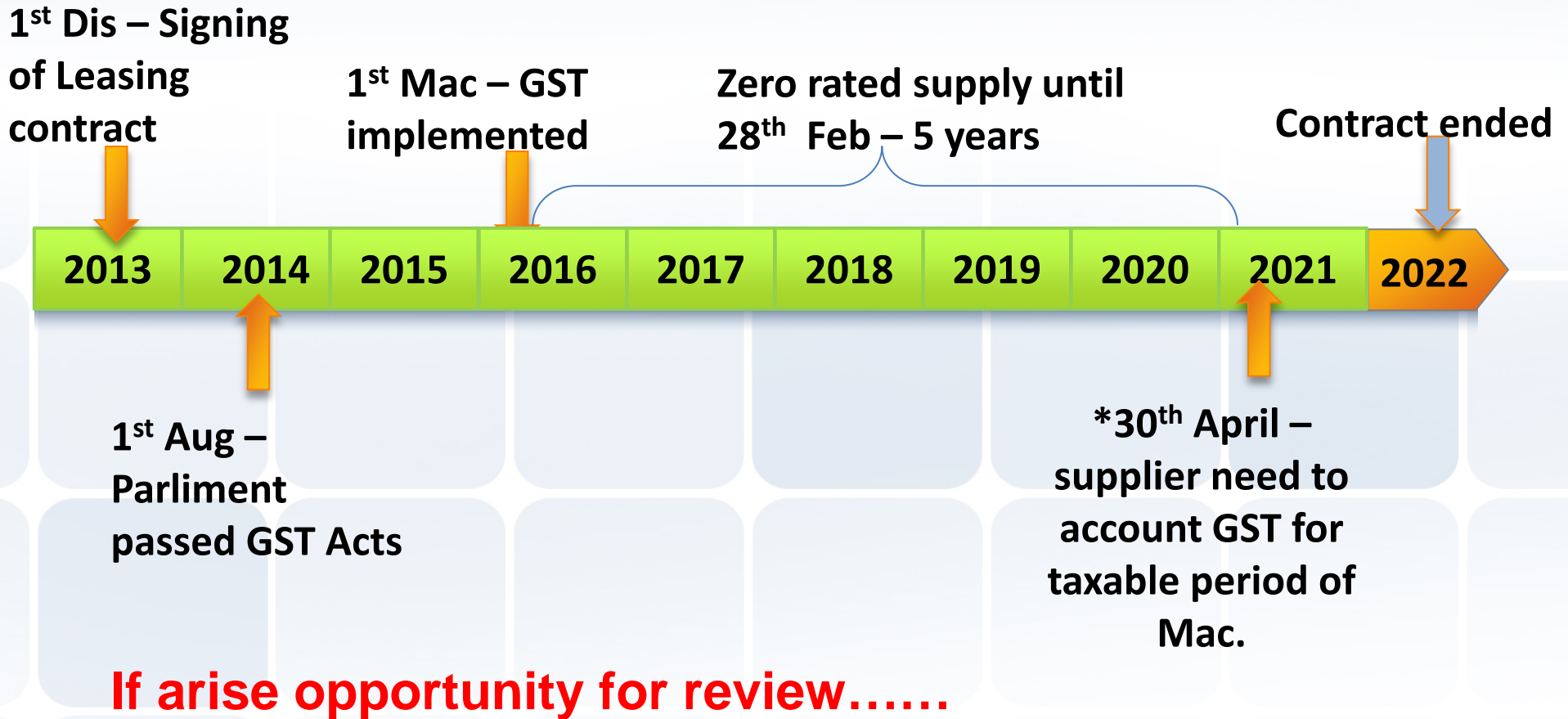
***Consideration : RM 5,000/4 x 2 days = RM 2,500**

GST : RM 2,500 X 1/26 = RM 96.15 (deemed GST inclusive)

GST Treatment of Non-reviewable Contract

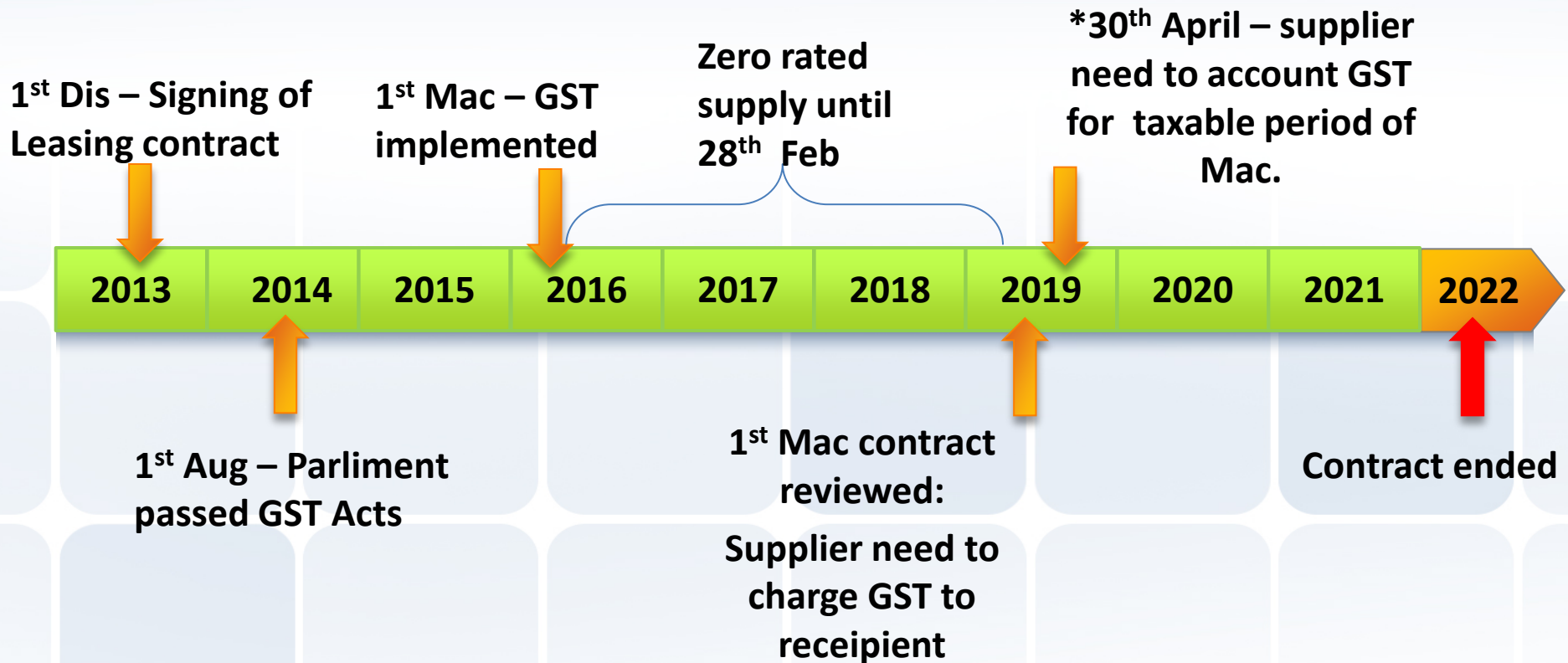
- **Contract entered before GST act passed**
- **Supply under non reviewable contract will be treated as a zero rated supply**
 - ✓ for a period of 5 years after the implementation date of GST Act; or
 - ✓ when a review opportunity arises (whichever the earlier)
- **Other conditions**
 - ✓ the supplier and the recipient must be registered under GST
 - ✓ the supply is a taxable supply
 - ✓ The recipient is entitle to credit for the whole of the tax on the supply

Treatment for Non Reviewable Contract



* For taxable person with monthly taxable period

Treatment for Non Reviewable Contract



* For taxable person with monthly taxable period

End of Presentation

**Tax Review Panel
Ministry of Finance**



**i) Ketua Setiausaha,
Perbendaharaan Malaysia
Panel Kajian Semula Cukai
Komplek Kementerian Kewangan,
No.5, Persiaran Perdana,
Pusat Pentadbiran Kerajaan Persekutuan Malaysia,
62596 PUTRAJAYA.
Tel : 03-88823000**

ii) GST PORTAL

www.gst.customs.gov.my

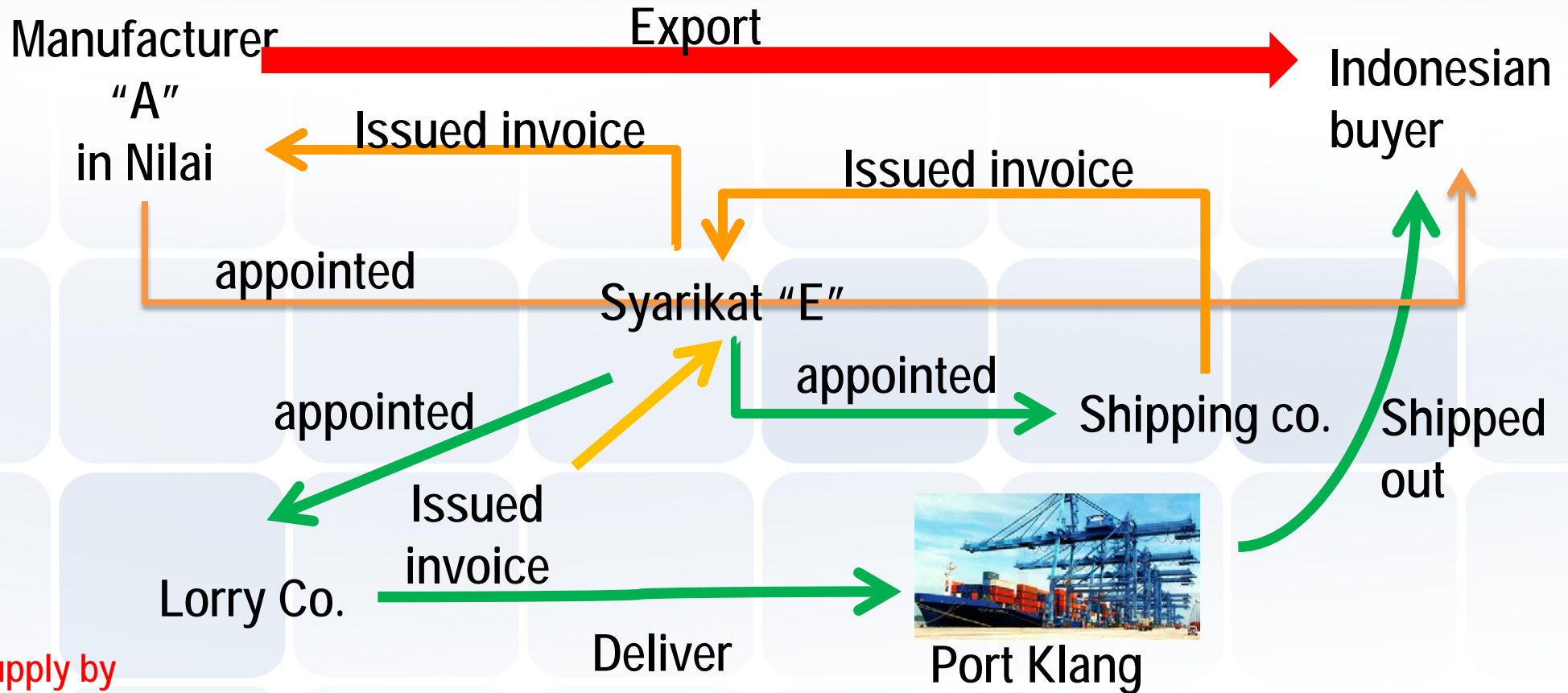
iii) Customs Call Centre (CCC)

Tel: 03- 78067200

Fax: 03- 78067599

Email: ccc@customs.gov.my

GST Treatment – Zero Rate



Supply by
 Lorry co – Standard rate
 Shipping co. – Zero rate
 Co. E – Zero rate