



## OVERVIEW

**MOHD ROZLAN MOHAMED ALI**  
Pengarah  
Unit Teknikal GST  
Persatuan Akauntan Percukaian Malaysia (M.A.T.A.)

**UMS**  
**20 MARCH 2015**



## CURRENT TAX SYSTEM IN MALAYSIA

### Direct Tax

**Corporate Tax**  
**Individual Income Tax**  
**Real Property Gains Tax**  
**Stamp Duty**



### Indirect Tax

**Import Duty**  
**Export Duty**  
**Excise Duty**

**Sales Tax**  
**Service Tax** } **Consumption Tax**



## CURRENT TAX SYSTEM

### SALES AND SERVICE TAX

	Sales Tax	Service Tax
Year introduced	1972	1975
Scope	Selected items at manufacturing stage and imports	Selected taxable services
Rate	5%, 10%, specific rate for petroleum	6%, specific rate for credit card
Advantage	Supply of raw materials/components are non-taxable	-
Threshold	RM 100,000.00	Up to RM 3mil



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## CURRENT TAX SYSTEM

### GOODS SUBJECT TO SALES TAX



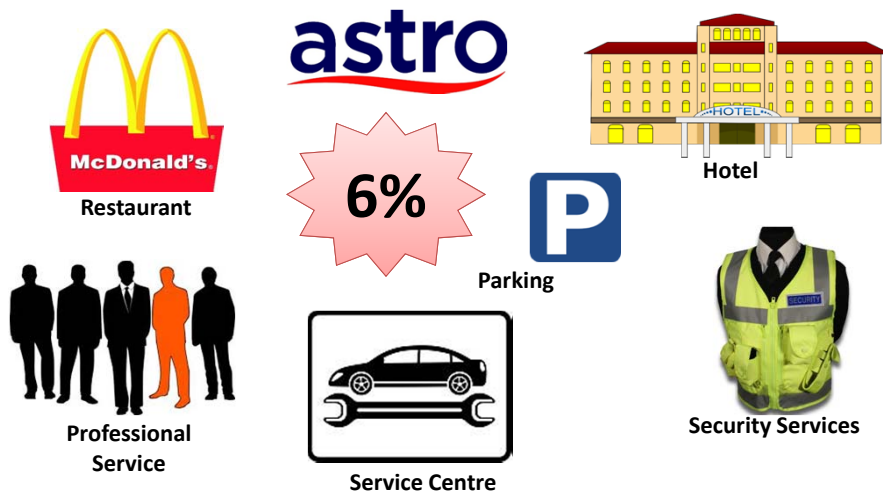
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**CURRENT TAX SYSTEM**  
GOODS SUBJECT TO SALES TAX



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**CURRENT TAX SYSTEM**  
SERVICES SUBJECT TO TAX AT 6%



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## INTRODUCTION OF GST IN MALAYSIA

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### WHAT IS GST?

What is



**Goods and Services Tax**

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## HISTORY OF GST IN MALAYSIA

GST has been discussed in Malaysia since....



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GST in Malaysia will be implemented on 1 April 2015 as announced by the Prime Minister cum Minister of Finance during the 2014 Budget Presentation in Parliament, October 2013.

On 19<sup>th</sup> June 2014, the GST Act 2014 has been gazetted

**TERAS KEDUA: MENGUKUH PENGURUSAN FISKAL**

**Pengurusan Fiskal**

- Komitmen melaksanakan konsolidasi fiskal:
  - Pengurangan defisit - sasaran 2014, 3.5% KDNK
  - Memastikan hasil sentiasa melebihi belanja mengurus
  - Meningkatkan kecekapan & penjimatan perbelanjaan
  - Memastikan paras hutang kekal rendah, dibawah 55% KDNK
  - Rasionalisasi subsidi
  - Pengauditan semasa pelaksanaan bagi projek melebihi RM100 juta
- Potongan cukai bulanan (PCB) sebagai cukai muktamad
- Pembayar cukai tidak perlu mengemukakan borang cukai kerana PCB dianggap sebagai cukai muktamad
- Tindakan tegas ke atas salah laku di dalam Laporan Ketua Audit Negara

**Pelaksanaan Cukai Barang dan Perkhidmatan (GST)**

- Tujuan GST:
  - Menambah baik sistem percukupan sedia ada
  - Bukan cukai baru - mengganti cukai jualan (5% dan 10%) dan cukai perkhidmatan (6%) sedia ada
  - Meningkatkan kecekapan & ketelusan ke atas rekod & transaksi perniagaan
  - Satu sistem percukupan yang berkesan dan sah-sama (160 buah negara di dunia telah pun melaksanakan GST)
- Pelaksanaan GST:
  - Kadar GST ditetapkan sebanyak 6%
  - Tarikh berkuat kuasa mulai 1 April 2015
  - Cukai kepenggunaan - dikenakan ke atas barang & perkhidmatan
- Pakej GST:
  - Pengguna (berkuat kuasa tahun 2015)
    - Tidak dikenakan GST ke atas barang makanan asas (seperti beras, gula, garam, tepung, minyak masak, kacang dhal, sayuran segar, daging lembu dan kambing, makanan laut, ayam, itik, susu bayi, rempah ratus, ikan masin, cencalok, budu dan belacan)
    - Tidak dikenakan GST ke atas bekalan air paip dan 200 unit pertama elektrik sebulan bagi pengguna domestik
    - Tidak dikenakan GST ke atas perkhidmatan yang disediakan oleh Kerajaan seperti pengeluaran pasport, lesen, perkhidmatan kesihatan, pembelajaran di sekolah
    - Dikecualikan GST ke atas perkhidmatan pengangkutan seperti perkhidmatan bas, keretapi, LRT, teksi, feri, bot, tol lebuh raya serta perkhidmatan pendidikan dan kesihatan
    - Dikecualikan GST jual beli dan sewaan rumah kediaman serta perkhidmatan kewangan yang terpelih
    - Bantuan tunai secara one-off sebanyak 300 ringgit kepada penerima isi rumah B40M
  - Pengurangan (1%-3%) & penstrukturan cukai pendapatan individu
  - Peniaga
    - Perbelanjaan latihan perakaunan dan ICT berkaitan GST bagi tahun takiran 2014 dan 2015 diberi potongan cukai tambahan
    - Kos pembelian peralatan dan perisian ICT diberi lanjutan Elaan Modal Dipercepatkan sehingga tahun takiran 2016
  - Pengurangan cukai pendapatan korporat (1% - 2%) mulai 2015
  - Geran latihan GST RM100 juta & perisian perakaunan RM150 juta
  - Potongan cukai - fi kesetiausahaan & pemfalan cukai mulai 2015

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## GST/VAT WITHIN THE REGION

As at **2013**, there are **160** countries that  
already changed GST/VAT

Region	Number of countries
ASEAN	7
ASIA	19
EUROPE	53
OCEANIA	7
AFRICA	44
SOUTH AMERICA	11
CARRIBEAN, CENTRAL & NORTH AMERICA	19
<b>TOTAL</b>	<b>160</b>



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## GST/VAT IN ASEAN COUNTRIES

Country	Year of Implementation	Initial Rate(%)	Current Rate(%)
Indonesia	1984	10	10
Thailand	1992	7	7
Singapore	1994	3	7
Filipina	1998	10	12
Cambodia	1999	10	10
Vietnam	1999	10	10
Laos	2009	10	10



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## GST/VAT WORLDWIDE

Country	Year of Implementation	Initial Rate(%)	Current Rate(%)
UK	1973	10	20
Australia	2000	10	10
New Zealand	1986	10	15
Norway	1970	20	25
Turkey	1984	10	18
Morocco	1986	19	20



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## GST/VAT WORLDWIDE

### RATE ?



#### HIGHEST

Hungary (European Union) – **27%**

#### LOWEST

Nigeria  
Canada  
Taiwan  
Iran  
Jersey

**5%**

### YEAR OF IMPLEMENTATION ?



#### FIRST COUNTRY

France, 1954

#### LATEST COUNTRY

Gambia, Africa - 2013

Sources : [http://gst.customs.gov.my/en/gst/Pages/gst\\_ci.aspx](http://gst.customs.gov.my/en/gst/Pages/gst_ci.aspx)

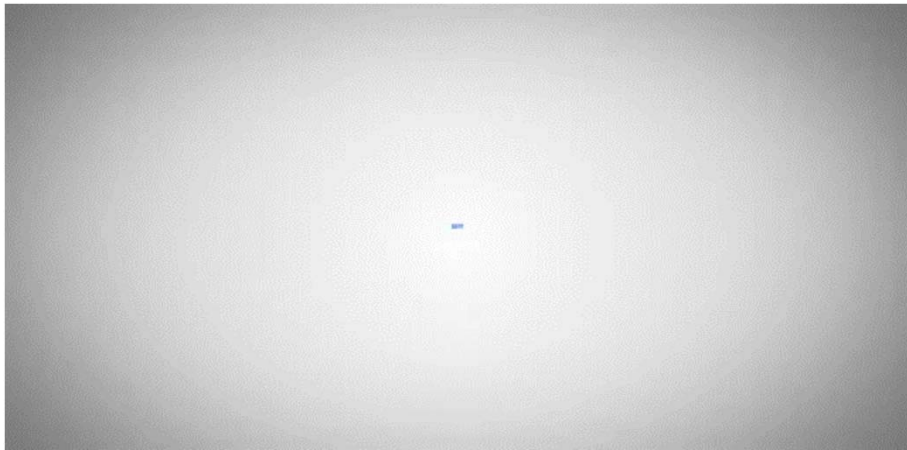
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## WHAT IS GST?

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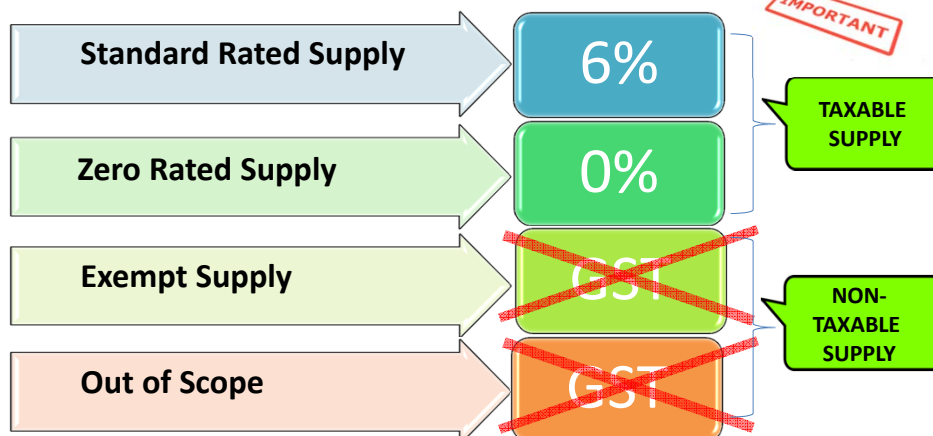
## WHAT IS GST?

- ❑ A **BROAD-BASED** consumption tax in the form of value added tax
- ❑ **MULTI STAGE TAX** based on net value at each stage of business transaction up to the retail stage of distribution
- ❑ Also known as **VALUE ADDED TAX (VAT)** in certain countries
- ❑ Tax on final consumption – **THE CONSUMER**
- ❑ GST incurred on inputs is allowed as a credit to the registrant - **OFFSET AGAINST OUTPUT TAX**



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## TYPE OF SUPPLY (GOODS OR SERVICES)



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## SCOPE OF GST / TEST OF GST

☐ GST is charged on

Important  
Information

- 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



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## BASIC CONCEPTS AND GST MODEL

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## ABOLISHMENT OF SST

Current Tax System

**SST**  
Sales & Service Tax

5%, 6%, 10%, 20%  
& specific rate

Effective on  
1<sup>st</sup> April 2015

**GST**  
GROW & SHARE TOGETHER

6%

**GST is a REPLACEMENT TAX**

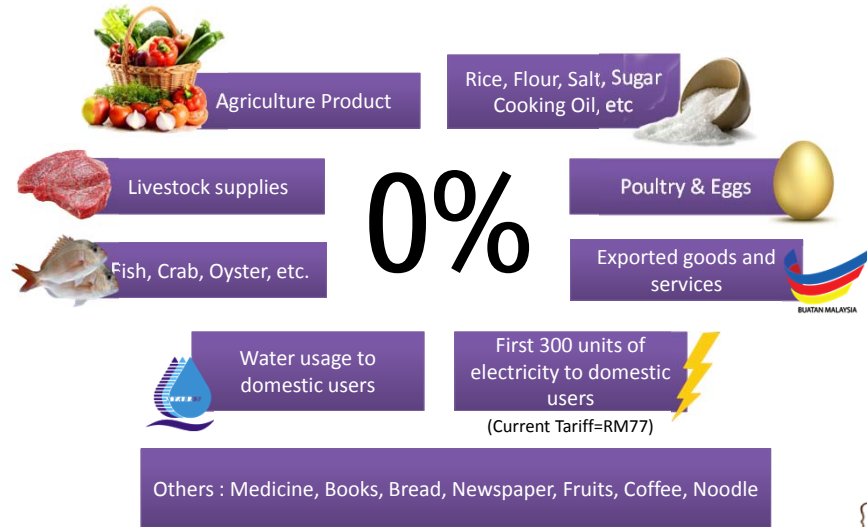
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## PROPOSED GST MODEL - STANDARD RATED



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## PROPOSED GST MODEL - ZERO RATED



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## PROPOSED GST MODEL - EXEMPTED

- Public Transportation
- Land For Residential, Agriculture And General Use
  - Highway and Toll Bridge
- Funeral, Burial and Cremation Services
  - Healthcare Services
    - Residential
  - Education Services
  - Financial Services
  - Child Care Services
- Supply by Association and Similar Organization



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## PROPOSED GST MODEL

### GOVERNMENT SUPPLY

	Federal Government & State Government	Local Authority & Statutory Bodies
OUT OF SCOPE	All supplies by Federal & State Government	Supplies made in the regulatory and enforcement (R&E) Functions e.g. assessment rate collection, issuance of license, penalty
SUBJECT TO GST	Supplies that have been directed by Minister in the GST (Government Taxable Supply Order) e.g. supply made by RTM, Prison Department	Non R&E functions, i.e. business activities e.g. Rental facilities

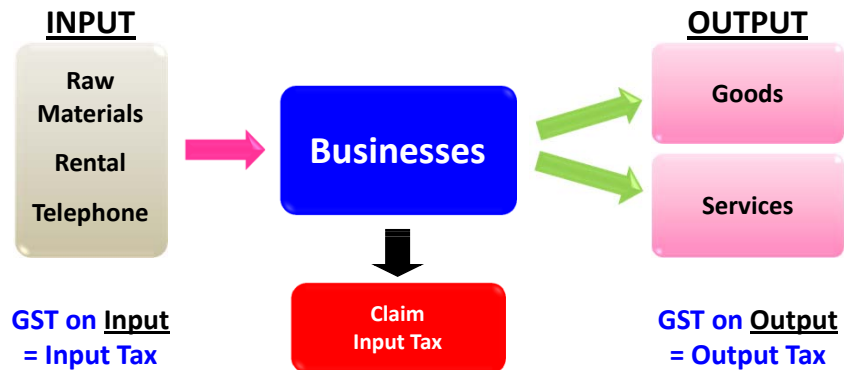
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## GST MECHANISM

INPUT TAX	OUTPUT TAX
ACQUISITION	SUPPLY
PURCHASES	SALES
PAYMENT	INCOME

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## GST MECHANISM (CONTD)



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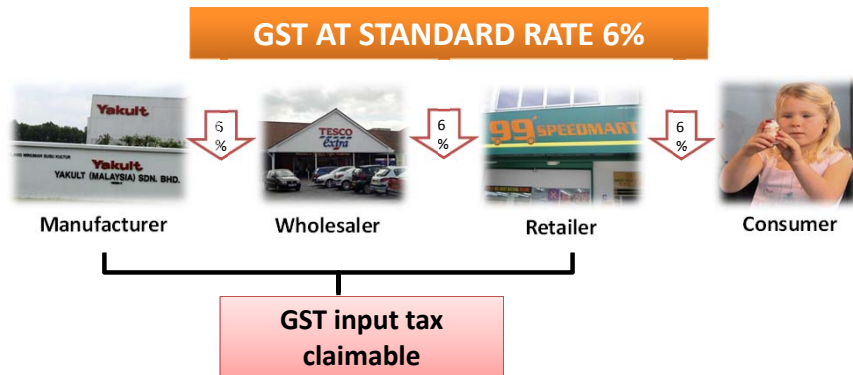
## GST MECHANISM (CONTD)

	GST Rate	Claimable
Standard-rated	6 %	✓
Zero-rated	0 %	✓
Exempted	-	✗
Out of Scope	-	✗

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## HOW GST WORKS ?

STANDARD RATED 6%



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## HOW GST WORKS ?

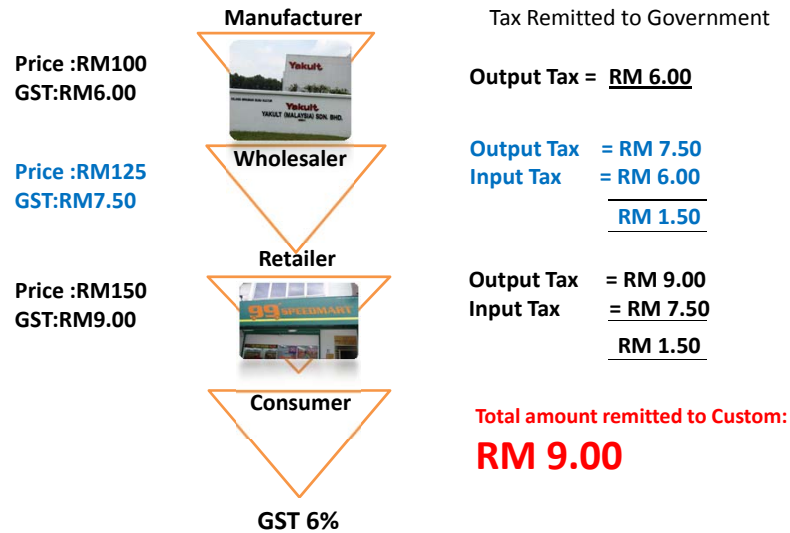
STANDARD RATED (CONTD)



*\*Note: claim input tax*

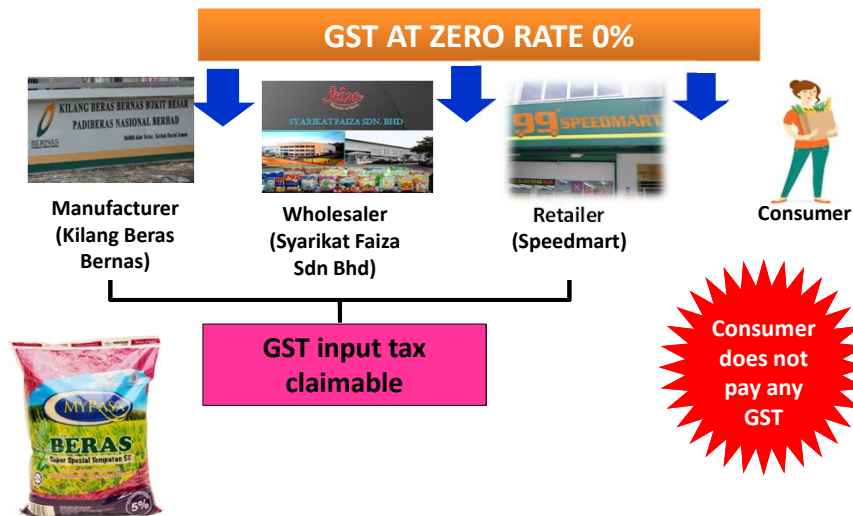
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## HOW GST WORKS ? STANDARD RATED (CONTD)



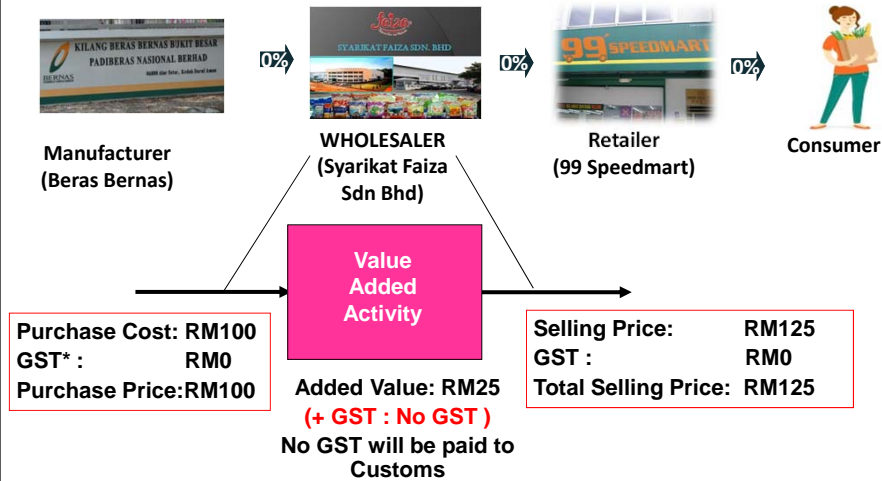
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## HOW GST WORKS ? ZERO RATED



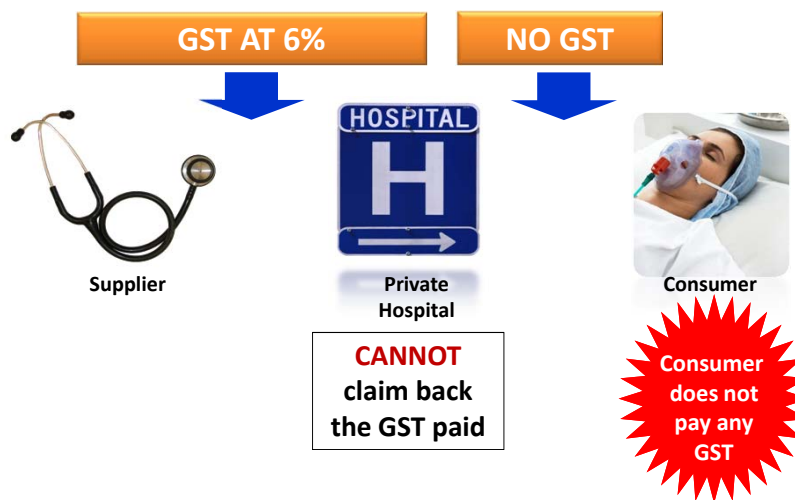
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## HOW GST WORKS ? ZERO RATED (CONTD)



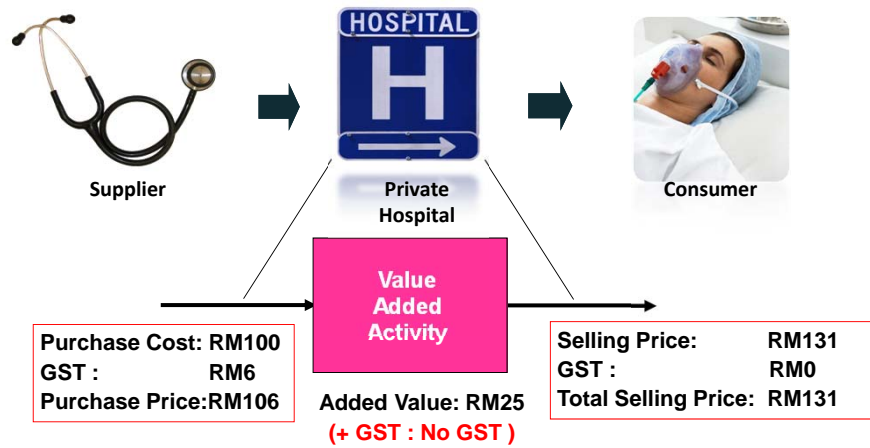
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## HOW GST WORKS? EXEMPTED



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## HOW GST WORKS? EXEMPTED (CONTD)



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SST vs GST

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## WHY GST?



GST is proven to be a better tax system as it is more **EFFECTIVE, EFFICIENT, TRANSPARENT** and **BUSINESS FRIENDLY** and could spur economic growth as well as increase competitiveness in the global market.

GST is capable of generating a more **STABLE SOURCE OF REVENUE** to the nation because it is less susceptible to economic fluctuations.



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## BENEFITS OF GST (CONTD)

### 1 ) Eliminating hidden activity



Under declaring

- Imported goods



Transfer pricing

- Manufacturing goods

### 2) Greater Transparency



GST will be shown on the invoice



Consumers will know exactly whether the goods they consume are subject to tax and the amount they pay for.

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## BENEFITS OF GST (CONTD)

**Customer's name & address**  
BLUE SHOES SDN BHD  
(GST ID No : 001-2009)  
Tel : 03-33498765

**Supplier's name, address and GST identification number**  
To : Syarikat Kasut X Sdn. Bhd  
No. 27, Jalan Jaya,  
31510 Ipoh.

**Tax Invoice serial number**  
Tax Invoice No: 0001

**Date of Tax Invoice**  
Date : 25 NOV 2015  
D/O No : 5000345

**TAX INVOICE**  
The words "Tax Invoice" clearly indicated

**Description of goods or services supplied**

Serial No	DESCRIPTION	QTY	UNIT PRICE (RM)	TOTAL (RM)
1	Sandle (BATA)	200	8.00	1600.00
2	school shoes (JAZZ)	200	10.00	2000.00
3	Sport shoes	50	25.00	1250.00
				4850.00
Discount @ 10%				(485.00)
				4365.00
Add GST @ 6%				261.90
<b>Total Sales</b>				<b>4626.90</b>

**Quantity of goods or extent of the services supplied**

**Rate of GST**

**Total amount of GST charged**

**Total charge made, including GST**

**BLUE SHOES SDN BHD**

**GST SHOWN IN TAX INVOICE**

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## BENEFITS OF GST (CONTD)

### 3) Less Bureaucracy



GST registered company will manage their own accounting for tax.



They can claim any input tax paid without undergoing any bureaucracy process.



Electronic / Online

- Registration
- GST Statement Submission
- Claiming input tax

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## BENEFITS OF GST (CONTD)

### 4) Fair Tax System and Business Friendly



**Fair Tax System** – GST will be charged at every stage of supply chain. (manufacturer, wholesale, retailer) on value added activity.



#### **Business friendly**

- Availability of various scheme provide such as Approved Trader Scheme, Warehousing Scheme



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## BENEFITS OF GST (CONTD)

### 5) GST can overcome weaknesses of sales and service tax in terms of :



Double taxation



Tax embedded in goods sold particularly in exports



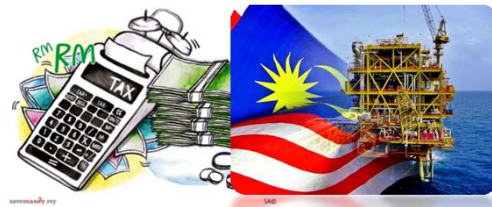
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## BENEFITS OF GST (CONTD)

6) Need to reduce  
reliance on  
existing revenue  
in Malaysia

Need to reduce reliance on:

- ✓ Direct tax
- ✓ Petroleum revenue



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## GST IMPACT TO CONSUMER

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## GST IMPACT TO CONSUMER PRICE CONTROL AND ANTI PROFITEERING ACT 2011



- ✓ Effective on 1 April 2011
- ✓ Governed by KPDNKK
- ✓ To make sure that trader/dealer does not increase price arbitrarily



- ✓ Special Committee to combat profiteering (Price Monitoring Council)



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## GST IMPACT TO CONSUMER SHOPPERS GUIDE



Illustrate comparisons of prices of goods and services before and after the implementation of GST

- ✓ Issued before GST implementation date
- ✓ Price were monitored for 1 year after GST implementation date
- ✓ Will be publish 1 months before the implementation of GST date.

- ✓ [Sundry Goods Listing](#)



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## GST IMPACT TO CONSUMER PRICE SETTER



The Government will get the assistance from the hypermarket to be the price setter for the benefit of the consumers



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## GST IMPACT TO CONSUMER GST RELIEF PACKAGE FOR BUSINESSES

	Description	Effective
Reduce cost of doing business	<ul style="list-style-type: none"> <li>Reduction in corporate tax rate by 1%.</li> <li>Reduction in cooperative tax rate by 1% to 2%.</li> <li>Secretarial fee and tax filing fee tax deductible up to RM 5,000 &amp; RM 10,000 respectively.</li> <li>Accelerated Capital Allowances (ACA) for ICT equipment and software is extended.</li> <li>Expenses for GST- related training in accounting &amp; ICT given further deduction.</li> </ul>	<ul style="list-style-type: none"> <li>YA 2016</li> <li>YA 2015</li> <li>YA 2015</li> <li>YAs 2014 to 2016</li> <li>YAs 2014 &amp; YA 2015</li> </ul>
Financial assistance	<ul style="list-style-type: none"> <li>RM 150 million allocation for purchase of accounting software by SMEs</li> <li>Training Grant of RM 100 million for GST Training</li> </ul>	<ul style="list-style-type: none"> <li>2014 &amp; 2015</li> <li>2013 &amp; 2014</li> </ul>



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## GST IMPACT TO CONSUMER

### GST RELIEF PACKAGE FOR BUSINESSES (CONTD)

	Description	Effective
Increase disposable income	<ul style="list-style-type: none"> <li>Personal tax rate reduction across tax bands by 1% to 3%</li> <li>Highest marginal tax rate reduced from 26% to 25%</li> <li>Restructuring of income tax bands by increasing chargeable income subject to maximum rate from above RM 100,000 to above RM 400,000</li> </ul>	YA 2015
Financial assistance	<ul style="list-style-type: none"> <li>One-off cash assistance of RM 300 to households who are BR1M recipients.</li> </ul>	2015

**GST OFFSET PACKAGE**

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## ROYAL MALAYSIAN CUSTOMS PORTAL

[www.gst.customs.gov.my](http://www.gst.customs.gov.my)



Official Website  
**MALAYSIA GOODS & SERVICES TAX (GST)**  
Royal Malaysian Customs Department



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**WHAT IS GST ?**

GST which is also known as VAT or the value added tax in many countries is a multi-stage consumption tax on goods and services

[More](#)

**TAP TAXPAYER ACCESS POINT**

REGISTER  
LOGON

**FOR CONSUMERS**  
[MORE](#)

**FOR INDUSTRIES**  
[MORE](#)

**FOR TOURISTS**  
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APR 1 COUNTDOWN to **GST** 00 10 17 07 30 46

Announcements

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