



ROYAL MALAYSIAN CUSTOMS

MALAYSIA GOODS AND SERVICES TAX (GST) GUIDE

TAX INVOICE AND RECORD KEEPING (DRAFT)

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TAX INVOICE AND RECORD KEEPING

1. INTRODUCTION

This guide clarifies what is a tax invoice, credit and debit notes including records keeping requirements under the GST legislations, relating to supplies made or received by the GST registered person. It is recommended that you read the GST General Guide before reading this guide as this guide requires a fair understanding of the general concept of GST.

1.1 General Operation of Goods and Services Tax (GST)

Goods and Services Tax (GST) which is also known as Valued Added Tax in other countries is a tax on final domestic consumption. GST is charged on all taxable supply of goods or services in the course or furtherance of any business in Malaysia except those specifically exempted. GST is also charged on importation of goods and services into Malaysia.

Since GST is a multi staged consumption tax, payment of tax is made in stages by the intermediaries in the production and distribution chain until the final consumer. Although the tax will be paid throughout the production and distribution process, it is ultimately passed on to the final consumer. Therefore, the tax itself is not a cost to the intermediaries and does not appear as an expense item in their financial statements.

In Malaysia, a person who is registered under the Good and Services Tax Act 201X is known as “registered person”. A registered person is required to charge GST on his supply of taxable goods and services made to his customers. He is allowed to claim input tax credit on any GST incurred on his purchases which are inputs to his business. Thus, this mechanism would avoid double taxation and only the value added at each stage is taxed.

2. OVERVIEW OF TAX INVOICE

The most important document in the GST system is the tax invoice. This document is generally issued by the supplier notifying the purchaser of the obligation to make payment in respect of any transaction. It contains certain information such as details of registered person and supply, GST rate and the amount of GST payable as stipulated under the GST law. A tax invoice is essential evidence to:

- i. support a registered person’s claim for the deduction of GST (input tax) incurred on his standard rated purchases;

- ii. trigger the time of supply as the invoice date will determine when GST is to be accounted for by a registered person on the supply of goods and services (accounting on invoice basis);

Example

A furniture manufacturer (GST registered person on a monthly taxable period) supplies furniture to a retailer on 15 June 201X. The manufacturer issues an invoice on 20 June 201X and payment is received on 3 July 201X. 20 June 201X, which is the date of the tax invoice, is the time of supply and the registered person has to account for GST to the tax authority during his taxable period of June even though payment is received on 3 July.

- iii. determine which supplies made by him should be included in a particular taxable period;

Example

Based on example in subparagraph (ii) above, the due date to file his return for the supply of furniture should not be later than the last day of July 201X i.e. based on the date of the invoice since the taxable period of the manufacturer is June 201X.

- iv. determine when he may claim his input tax based on the tax invoice received from his supplier;

Example

The retailer, being registered for GST can claim his input tax or GST charged on the purchase of furniture for use in his taxable activity. Input tax can be claimed by the retailer as long as he has a tax invoice from his supplier even though he has not paid for the supply.

2.1 Issuance of Tax Invoice

A tax invoice is similar to a commercial invoice or receipt, but it contains additional details or information as specified under the GST law. Generally, every registered person who makes taxable supply of goods and services is required to issue a tax invoice.

Tax invoices must be issued within 21 days from the time of supply. The supplier must keep a copy of the tax invoice and the original should be retained by the recipient. Only GST registered person can issue tax invoice either in electronic or printed form.

As a registered person, you need to have a tax invoice to claim input tax credit. Without a proper tax invoice, a GST registered person and his customers who are also registered persons, cannot claim GST incurred on

their purchases of taxable goods or services. In addition, foreign purchasers (tourist) require tax invoice to claim GST refund on their purchases of taxable goods.

However, under certain circumstances (disallowed input tax) you may not be entitled to claim input tax even though you have a tax invoice from the supplier.

2.2 Non Issuance of Tax Invoice

2.2.1 A tax invoice is not required to be issued when a registered person makes the following supply:-

- i. a zero-rated supply;
- ii. supply without consideration on which tax is charged (deemed supply);

Example

A supply of gift worth more than RM500.00 to a client in the course of business or business assets put to private use by the supplier.

However, a tax invoice in respect of zero-rated and deemed supplies must be issued for the purpose of claiming input tax when the customer who is a registered person requested for it. If a tax invoice is issued for zero-rated supply, the supplier must indicate that GST is charged at zero percent (0%).

2.2.2 Tax invoice shall not be issued for:-

- i. any supply of second-hand goods under the margin scheme;
- ii. any supply of imported services;
- iii. any supply of treated or processed goods which is deemed to have been supplied by the recipient under approved toll manufacturer scheme; and
- iv. any prescribed supply of goods which is deemed to have been supplied by the approved person under approved jeweller scheme.

2.2.3 No invoice showing an amount which purports to be a tax shall be issued:-

- i. on any supply of goods or services which is not a taxable supply;
- ii. on any zero-rated supply; or
- iii. by a non registered person.

3. TYPES OF TAX INVOICE

The issuing of tax invoice can be classified as follows:-

- i. Tax invoice
 - a. Full tax invoice
 - b. Simplified tax invoice
- ii. Deemed tax invoice
 - a. Self-billed invoice
 - b. Invoice or statement of sales by auctioneer

3.1 Full tax invoice

A full tax invoice should contain the following information:-

- i. the word 'tax invoice' in a prominent place;
- ii. the tax invoice serial number;
- iii. the date of issuance of the tax invoice;
- iv. the name, address and identification number of the supplier;
- v. the name and address of the person to whom the goods or services are supplied;
- vi. a description sufficient to identify the goods or services supplied;
- vii. for each description, distinguish the type of supply for zero rate, standard rate and exempt, the quantity of the goods or the extent of the services supplied and the amount payable, excluding tax;
- viii. any discount offered;
- ix. the total amount payable excluding tax, the rate of tax and the total tax chargeable to be shown separately;
- x. the total amount payable inclusive of the total tax chargeable; and

- xi. any amount referred to in subparagraphs (i) and (j), expressed in a currency, other than Ringgit, shall also be expressed in Ringgit in accordance with paragraph 5 of the Third Schedule of the GST Act 201X.

Example of a full tax invoice is shown in **Figure 1** below.

Figure 1: Example of Full Tax Invoice (Wholly Taxable Supply)

TAX INVOICE

Supplier's name, address and GST identification number
KILANG KASUT SEDAP PAKAI SDN.BHD.
 Lot 123, Jalan Pengkalan, 31500 Lahat, Perak
 (GST ID No : 100001/2009)
 Tel : 05-3349876

Tax Invoice serial number
Invoice No: 0001111

Date of Tax Invoice
 Date : 25 Jun 2014
 D/O No : S000345

Customer's name & address
 To : Syarikat Kasut Ali Sdn. Bhd.
 No. 27, Jalan Maju Jaya,
 31400 Ipoh, Perak

Description of goods or services supplied

Serial No.	Description	Quantity	Unit Price (RM)	Total (RM)
1.	School Shoes SS1201	200	8.00	1,600.00
2.	School Shoes SS1210	200	10.00	2,000.00
3.	Sport Shoes SP2315	50	25.00	1,250.00
				4,850.00
Discount @ 10%				(485.00)
				4,365.00
Add GST @ 4%				174.60
Total Sales				4,539.60

Total amount payable, excluding GST
4,365.00

Rate of GST
4%

Total amount of GST charged
174.60

Total amount payable, inclusive of GST
4,539.60

Quantity of goods or extent of the services supplied

.....
KILANG KASUT SEDAP PAKAI SDN.BHD.

3.1.1 Tax Invoice for Mixed Supplies

A tax invoice may contain details of more than one supply (taxable supply and exempt supply). For example, invoice issued by an insurance company for supply of medical insurance, fire insurance, motor vehicle insurance (standard rate) and life insurance (exempt) to the same buyer. When this occurs, the tax invoice (full or simplified tax invoice) must clearly distinguish between the various supplies and indicate separately the applicable values and the tax charged (if any) on each supply for GST purpose. Examples of a full tax invoice for the mixed supplies are as follows:

**Figure 2: Example of Full Tax Invoice
(Mixed Supplies – Standard Rated and Exempt)**

PRU DEN INSURANCE SDN. BHD. Lot 123, Jalan Meru, 43210 Klang, Selangor Tel: 03-33498765 (GST ID No : 100004/2015)		Invoice No : 0001114 Date : 25 Januari 2015																									
SYARIKAT AL AMIN SDN. BHD. No. 27, Jalan Kapar, 43210 Klang, Selangor (GST ID No : 100004/2015)		TAX INVOICE																									
<table border="1"> <thead> <tr> <th>Indicator</th> <th>Description</th> <th>Total (RM)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>**Premium for life insurance (CEO)</td> <td>200.00</td> </tr> <tr> <td>2.</td> <td>*Premium for medical insurance (10 workers @ RM70 per person)</td> <td>700.00</td> </tr> <tr> <td>3.</td> <td>*Premium for fire insurance (1 office building)</td> <td>2,000</td> </tr> <tr> <td>4.</td> <td>*Premium for motor vehicles insurance (3 company cars @ RM1,000 per unit)</td> <td>3,000</td> </tr> <tr> <td colspan="2">Total (excluding GST)</td> <td>5,900.00</td> </tr> <tr> <td colspan="2">GST payable @ 4%</td> <td>228.00</td> </tr> <tr> <td colspan="2">Total Amount Payable</td> <td>6,128.00</td> </tr> </tbody> </table>		Indicator	Description	Total (RM)	1.	**Premium for life insurance (CEO)	200.00	2.	*Premium for medical insurance (10 workers @ RM70 per person)	700.00	3.	*Premium for fire insurance (1 office building)	2,000	4.	*Premium for motor vehicles insurance (3 company cars @ RM1,000 per unit)	3,000	Total (excluding GST)		5,900.00	GST payable @ 4%		228.00	Total Amount Payable		6,128.00	Total amount payable, excluding GST	
Indicator	Description	Total (RM)																									
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Total (excluding GST)		5,900.00																									
GST payable @ 4%		228.00																									
Total Amount Payable		6,128.00																									
Total amount of GST charged		Total amount payable, including GST																									
<table border="1"> <thead> <tr> <th>GST Summary</th> <th>Item</th> <th>Amount (RM)</th> <th>GST (RM)</th> </tr> </thead> <tbody> <tr> <td>*4%</td> <td>3</td> <td>5,700.00</td> <td>228.00</td> </tr> <tr> <td>**Exempt</td> <td>1</td> <td>200.00</td> <td>Nil</td> </tr> </tbody> </table>				GST Summary	Item	Amount (RM)	GST (RM)	*4%	3	5,700.00	228.00	**Exempt	1	200.00	Nil												
GST Summary	Item	Amount (RM)	GST (RM)																								
*4%	3	5,700.00	228.00																								
**Exempt	1	200.00	Nil																								
KRU DEN INSURANCE SDN. BHD.																											

**Figure 3: Example of Full Tax Invoice
(Mixed Supplies – Standard Rated and Zero Rated)**

DORY MART SDN. BHD.
 Lot 123, Jalan Raja, 98000 Miri, Sarawak
 Tel : 085-650000
 (GST ID No : 100004/2012)

Tax Invoice No: T01114
 Date: 7 November, 2014

TAX INVOICE

BIG CAFE SDN. BHD.
 Lot 123, Jalan Pujut, 98000 Miri, Sarawak
 Tel : 085-659090

No.	Description	Qty	Price per unit	Total (RM)
1.	*Julie's Lemon Crackers A1101	10	10.00	100.00
2.	*Yogurt (Unit) A1102	10	5.00	50.00
	*Mineral Water A1103	50	1.00	50.00
4.	**Flour B0123	30	2.00	60.00
5.	**Sugar B0234	10	2.30	23.00
6.	**Salt B098	10	0.70	7.00
Total (excluding GST)				290.00
*GST payable @ 4%				8.00
Total Amount Payable				298.00

GST summary

	Amount(RM)	Tax(RM)
* 4%	200.00	8.00
** 0%	90.00	0.00

.....
DORY MART SDN. BHD.

Figure 4: Example of Full Tax Invoice
(Mixed Supplies – Standard Rated and Zero Rated with discounts)

EXTRA MART SDN. BHD. Lot 123, Jalan Duta, 50568 Kuala Lumpur Tel: 03-6209 9000 (GST ID No : 100004/2012)		Supplier's name, address and GST identification number		Invoice No: T01114 Date: 1 June 2014	
CUSTOMER'S NAME & ADDRESS SUPREMO CAKE SDN. BHD. No 69, Jalan Tun Razak, 50694 Kuala Lumpur Tel: 03-4026 9999		TAX INVOICE		Date of Tax Invoice	
Description of goods supplied		QTY		RM	
ZT Flour 1kg Disc.		000181	50	1.90	95.00
ST Creamy Butter 500gm Disc.		000111	20	7.90	158.00
ST Philadelphia Cheese 290gm Disc.		000119	17	12.90	219.30
ZT Sago Flour 1kg		000221	31	2.85	88.35
ZT Coarse Sugar 1kg		000212	25	2.30	57.50
ST Instant Red Yeast		000129	18	4.30	77.40
ST Pandan Paste 30ml		000321	19	5.10	96.90
ST Vanilla Paste 30ml		000921	19	5.10	96.90
Item Count					199
Total Sales (Excluding GST)					841.35
GST payable @ 4% on RM610.00					24.40
Total Sales (Inclusive of GST)					865.75
CASH Coupon					100.00
CASH Change					800.75
Total amount payable inclusive of GST					35.00
Total amount payable excluding GST					
Rate of GST					
Total amount of GST charged					
GST Summary		Amount(RM)		Tax(RM)	
ST @ 4%		610.00		24.40	
ZT @ 0%		231.35		0.00	
TOTAL SAVINGS		RM48.00			
..... EXTRA MART SDN. BHD.					

**Figure 5: Example of Full Tax Invoice
(Mixed Supplies – Standard Rated and Zero Rated with Discounts)**

Supplier's name, address and GST identification number

KOWAYS (M) SDN. BHD.
 No.69, Jalan Raja, 20200 Kuala Terengganu
 Terengganu
 Tel: 09 - 6228 9000 Faks: 09 – 6228 8000
(GST ID No: 100004/2012)

Invoice No: T090909

Date: 18 November 2014

TAX INVOICE

Customer's name & address

AIMS STOCKIST SDN. BHD.
 No 19, Jalan Tun Husin, 20200 Kuala Terengganu
 Terengganu
 Tel: 09 - 6229 7777

Rate of GST

Total amount of GST charged

No	Description	Qty	Unit Price (RM)	Sub – Total (RM)	Disc. (RM)	Total Excl. GST (RM)	GST @ 4% (RM)	Total Incl. GST (RM)	
1.	70 Organic Rice 5kg Disc. @ 10%	30	18.90	567.00	-56.70	510.30	20.41	530.71	
2.	70 Organic Nut Oil 750ml Disc. @ 10%	10	21.90	219.00	-21.90	197.10	7.88	204.98	
3.	74 Farm Green Tea 10bags	25	15.90	397.50	Nil	397.50	15.90	413.40	
4.	74 Eco Softener 500ml Disc. @ 5%	10	19.90	199.90	-9.99	189.91	7.60	197.50	
5.	74 Eco Fabric Wash 500ml Disc. @ 5%	15	25.00	375.00	-18.75	356.25	14.25	370.50	
6.	74 Eco Ironing Aid 300ml	20	10.50	210.00	Nil	210.00	8.40	218.40	
TOTAL AMOUNT DUE						1,861.06	74.44	1,935.50	
								ROUNDING ADJ.	0.00
								TOTAL PAYABLE INCL. GST	1,935.50
								CASH VOUCHER	50.00
								CASH	1,900.00
								CHANGE	14.50

.....
KOWAYS (M) SDN. BHD.

3.2 Simplified Tax Invoice

There are instances where the Director General may, upon request in writing allow registered persons to issue simplified tax invoice to their customers in accordance with section 33(2) of the GST Act 201X. Issuance of this invoice normally involves retailers who generate large volume of invoices. Examples of these retailers are supermarkets, mini markets, restaurants, beauty salons, petrol kiosks, motor workshops and other point of sales outlets.

A simplified tax invoice can be issued regardless of any sales amount and can take the form of an invoice, receipt, voucher or any other similar document provided it contains the following particulars:

- i. the name, address and identification number of the supplier;
- ii. the date of issuance of the tax invoice;
- iii. the tax invoice serial number;
- iv. a description sufficient to identify the goods or services supplied;
- v. for each description, distinguish the type of supply for zero rate, standard rate and exempt, the quantity of the goods or the extent of the services supplied and the amount payable, including tax;
- vi. the total amount payable inclusive of total tax chargeable; and
- vii. the rate of tax and the amount of tax chargeable.

Examples of a simplified tax invoice are shown in **Figure 6, 7 and 8** below.

**Figure 6: Example of Simplified Tax Invoice
(Wholly Taxable Supply)**

Supplier's name, address and GST identification number	COMFORT PARKING SDN. BHD. GF1-03, Kompleks Beli-Belah, Jalan Kenangan, 41100 Klang, Selangor. (GST ID No: 003456/2014) Tel : 03-33498765		Inv No : A00295 Date : 25.6.2014								
Description of goods or services supplied	<table border="1"> <thead> <tr> <th data-bbox="488 596 992 659">Description</th> <th data-bbox="992 596 1369 659">Total (RM)</th> </tr> </thead> <tbody> <tr> <td data-bbox="488 659 992 722">Parking fee – 3 hours @ RM1 per hour</td> <td data-bbox="992 659 1369 722">3.12</td> </tr> <tr> <td data-bbox="488 722 992 806">Rounding Adj.</td> <td data-bbox="992 722 1369 806">0.02</td> </tr> <tr> <td data-bbox="488 806 992 869">TOTAL AMOUNT DUE</td> <td data-bbox="992 806 1369 869">*3.10</td> </tr> </tbody> </table>	Description	Total (RM)	Parking fee – 3 hours @ RM1 per hour	3.12	Rounding Adj.	0.02	TOTAL AMOUNT DUE	*3.10		Total amount payable inclusive of GST
Description	Total (RM)										
Parking fee – 3 hours @ RM1 per hour	3.12										
Rounding Adj.	0.02										
TOTAL AMOUNT DUE	*3.10										
Rate of GST	* GST @ 4% included in total		RM0.12								
			Total amount of GST charged								

**Figure 7: Example of Simplified Tax Invoice
(Mixed Supplies)**

Supplier's name, address and GST identification number		AGRO SHOPPING CENTRE SDN BHD			
DESA PINGGIRAN PUTRA, SG. MERAB TEL: 03 – 88960000 FAX: 03 – 88961111 GST ID. No:				Tax Invoice serial number	
Date: 30/3/2014		15:35:45		Indicator for standard rated supply	
Date of Tax Invoice		Invoice No: V001619		Indicator for zero rated supply	
Description of goods or services supplied					
IKAN BILIS PNKL [PACK] 010611	1	3.90	3.90	S	
PRINGLES SC 182G [PCS] 001002	1	6.90	6.90	S	
SUGAR 123235	2	1.45	2.90	Z	
-----				Total amount payable including GST	
Item Count			4		
Total Sales Inclusive GST @ 4%			13.70		
Rounding Adjustment			0.00		
Cash			14.00		
Balance			0.30		
-----				Rate of GST	
GST summary	Amount(RM)		Tax(RM)		
S = 4%	10.38		0.42		
Z = 0%	2.90		0.00		
-----				Total amount of GST charged	
Print	: 30/3/2014				
Salesperson	: Amin				

**Figure 8: Example of Simplified Tax Invoice
(Mixed Supplies with Discounts)**

Supplier's name, address and GST identification number		Tax Invoice serial number	
ABEEDEN TRADING Jalan Taman Pasir Puteh, Putatan, 88998 Kota Kinabalu, Sabah GST ID NO: XXXXXXXX		Tax Invoice serial number	
Invoice No.: IV669988 09.06PM			
Date of Tax Invoice: 07-04-15 Salesperson: SAREZAN			
Description of goods or services supplied	RM	RM	Code
Lay's Sour Cream & Onion 120G 209001001072 Disc. @ 10%	1*7.95 ea	7.95 -0.79	T4
Corntoz Chilli Cheese 60G 209002001082	2*1.40 ea	2.80	T4
Frost Root Beer 600ML 209003001092	2*1.60 ea	3.20	T4
Cactus Mineral Water 1500ML 209004001088 Disc. @ 5%	6*1.10 ea	6.60 -0.33	T4
Coarse Sugar 1KG 209005009099 Disc. @ 5%	2*2.30 ea	4.60 -0.23	T0
Item Count		13	
Total Sales Inclusive of GST @ 4%		23.80	
Rounding Adj.		0.00	
Total Sales (Rounded)		23.80	
CASH		50.00	
Change CASH		26.20	
GST Summary		Amount (RM)	Tax (RM)
T4		18.68	0.75
T0		4.37	0.00
Total Promotional Savings			1.35

3.2.1 Simplified Tax Invoice and Input Tax Claim

Simplified tax invoice can be used to claim input tax if the amount of GST payable is RM20.00 or less (i.e. assuming GST rate is 4%). If the GST amount in the simplified tax invoice is more than RM20.00, he can only claim the input tax up to a limit of RM20.00 using the simplified tax invoice. Therefore, he must request for a full tax invoice to enable him to claim the full input tax if it is more than RM20.00.

Example

Ali, a GST registered person, purchased goods worth RM590.00 inclusive of GST RM22.69 ($4/104 \times RM590.00$) at a hypermarket and enquired whether he can use the simplified tax invoice issued to him to claim the full input tax.

Ali can claim input tax for the GST amount up to RM20.00 with the simplified tax invoice. If he wants to claim the full input tax amount of RM22.69, then he has to request for a full tax invoice.

3.2.2 Receipt

A receipt is a written (electronic or manual) acknowledgement that a specified article or sum of money has been received as an exchange for goods or services. A receipt or other document can be a tax invoice if it has all the particulars of a full tax invoice or simplified tax invoice.

Question 1

Can a sales receipt be accepted as a full tax invoice if it has all the particulars of a full tax invoice?

Yes, if the sales receipt has all the particulars of a full tax invoice.

Question 2

Ahmad, a GST registered person, supplied taxable goods to his customer (GST registered person) who used a credit card to make payment. Can the sales receipt he issued be used by the customer to claim input tax?

If your customer purchase taxable goods or services and make payment using credit cards (e.g. Visa, Master Card etc), you may give the cardholder a sales receipt at the time of sale. The sales receipt may be accepted as a simplified tax invoice if it contains the details of a

simplified tax invoice. The customer can claim input tax for the GST amount up to RM20.00 with the simplified tax invoice. If he wants to claim the full input tax amount (more than RM20.00), then he has to request for a full tax invoice.

3.3 Self-Billed Invoice

Under certain circumstances, the value of supply is determined by the person who receives the goods. Therefore, for GST purpose the recipient of the goods is allowed to issue an invoice to himself which is deemed to be a tax invoice in respect of a supply of goods or services to him by another registered person or any person approved by the Director General. The issuance of this self-billed invoice by the recipient to himself under subsection 33(3) of the GST Act 201X shall be subject to the following conditions:

- i. the value is not known by the supplier at the time of making the supply;
- ii. the recipient and the supplier are both registered persons or any supplier approved by the Director General;
- iii. the recipient and the supplier agree in writing to a self-billed invoice;
- iv. the supplier and the recipient agree that the supplier shall not issue a tax invoice in respect of any supply;
- v. the document may, with the prior approval of the Director General, be treated as a tax invoice;
- vi. a copy of any self-billed invoice is provided to the supplier and another copy is retained by the recipient;
- vii. in the case where the self-billed invoice is issued before the time of removal of such goods, or before the time the goods are made available, or before the time the services are performed, the self-billed invoice shall be issued with payment;
- viii. the recipient shall issue a self-billed invoice showing the following particulars:
 - a. the supplier's and recipient's names, addresses and identification numbers;
 - b. the word 'self-billed invoice' in a prominent place;
 - c. the invoice serial number;

- d. the date of issuance of the invoice;
 - e. the reference number of RMCD's approval;
 - f. a description sufficient to identify the goods or services supplied;
 - g. for each description, distinguish the type of supply for zero rate, standard rate and exempt, the quantity of the goods or the extent of the services supplied and the amount payable, excluding tax;
 - h. any discount offered;
 - i. the total amount payable excluding tax, the rate of tax and the total tax chargeable to be shown separately;
 - j. the total amount payable inclusive of the total tax chargeable; and
 - k. any amount referred to in subparagraphs (ix) and (x), expressed in a currency, other than Ringgit, shall also be expressed in Ringgit in accordance with paragraph 5 of the Third Schedule of the GST Act 201X.
- ix. any other conditions as the Director General deems fit to impose.

3.3.1 Who Can Issue Self-Billed Invoice?

In a normal business transaction, the supplier will issue an invoice to the buyer. However, in the case of self-billed invoice the buyer will issue an invoice because the supplier is unable to determine the value of the supply. A copy of the invoice should be retained by the supplier whereas the original invoice should be retained by the recipient/buyer to claim input tax (GST paid on inputs). For example, tobacco manufacturers issue tax invoices to growers who supply tobacco leaves. Since the recipient/buyer knows the open market value of the tobacco leaves, thus they are best able to provide the necessary information on the value of the product and will therefore issue a self-billed invoice.

You can only issue self-billed invoice upon the Director General's approval. The reference number of the approval must be stated in the self-billed invoice. If you do not meet the specified standards for such invoices, your approval can be cancelled at any time.

3.3.2 Contents of Written Agreement on Self- Billing

A self-billed invoice can only be issued under a written agreement between the recipient/buyer and the supplier. A self-billing agreement shall contain the following information:

- i. the recipient/buyer's name and GST identification number;
- ii. the supplier's name and GST identification number;
- iii. the buyer agrees to issue self-billed invoices for all supplies made to him/her by the supplier for a specified period which shall end not later than either the expiry date of a period of 12 months, or the expiry date of contract between the buyer and supplier;
- iv. the buyer agrees to issue self-billed invoices showing the supplier's name, address and GST identification number, and other details that make up a full tax invoice;
- v. the buyer agrees to inform the supplier if the issuance of self-billed invoices will be outsourced to a third party such as an accounting firm or tax agent, giving details of the third party;
- vi. the buyer agrees to make a new self-billing agreement in the event that their GST identification number changes;
- vii. the supplier agrees to accept the self billed invoices issued by the buyer for supplies covered by the agreement;
- viii. the supplier agrees not to issue GST invoices for supplies covered by the agreement; and
- ix. the supplier and recipient will notify each other if either one of them ceases to be registered for GST, transfers his business as a going concern or becomes registered under a new GST identification number.

Example of a self-billed invoice is shown in **Figure 9** below.

Figure 9: Example of Self-Billed Invoice

KILANG TEMBAKAU SELANGOR SDN BHD
SELF-BILLED INVOICE

Supplier
SYARIKAT DAUN TEMBAKAU SDN BHD
No. 27, Jalan Persiaran,
51100 Kota Baru, Kelantan.
(GST ID No: 100900/2014)

Recipient
KILANG TEMBAKAU SELANGOR SDN.BHD
Lot 123, Jalan Meru, 43210 Klang, Selangor
Tel: 03-33498765
(GST ID No: 100003/2014)

RMCD approval no.....
Invoice No: 0001113

Date : 25 Jun 2014
D/O No: S000345

Serial No.	Description	Tax Rate (%)	Quantity	Unit Price (RM)	Total (RM)
1.	Daun Tembakau Gred C	4.00	200	8.00	1,600.00
2.	Daun Tembakau Gred B	4.00	200	10.00	2,000.00
3.	Daun Tembakau Gred A	4.00	50	25.00	1,250.00
<i>Amount Excluding Tax</i>					4,850.00
<i>Add Total GST Amount</i>					194.00
Total Sales					5,044.00

.....
KILANG TEMBAKAU SELANGOR SDN.BHD.

Supplier's name, address and GST identification number

The words "Self-Billed Invoice" clearly indicated

Recipient's/Customer's name, address and GST identification number

RMCD approval number

Tax Invoice serial number

Description of goods or services supplied

Rate of GST

Quantity of goods or extent of the services supplied

Total amount payable excluding GST

Total amount of GST charged

Total amount payable inclusive of GST

3.4 Statement of Sales or Invoice Issued by Auctioneer

Supplies made by auctioneer acting in his own name are regarded as supplies made by the principal or owner of the goods put up for auction. If the principal is a taxable person, the auctioneer whether or not he is a taxable person shall be liable to account for output tax on any goods which have been auctioned on the principal's behalf. In the case where the auctioneer is a GST registered person he is liable to issue tax invoice in his own name and account for output tax on behalf of his principal who is a taxable person. If the principal is a taxable person but the auctioneer is not GST registered, the auctioneer cannot issue a tax invoice even though he has to account for GST on the auctioned goods. In this situation, the auctioneer is allowed to issue a statement of sales or invoice which may be regarded as a tax invoice based on the tax inclusive principle.

The statement of sale or invoice should contain the following details:-

- i. auctioneer's name, address and business registration number;
- ii. buyer's name and address
- iii. date of issue;
- iv. serial number of invoice
- v. the description sufficient to identify the goods or services supplied;
- vi. the total amount payable inclusive of GST;
- vii. total tax chargeable; and
- viii. the word "Price payable inclusive of GST".

Example of an auctioneer's statement of sales or invoice is shown in **Figure 10** below:

Figure 10: Example of Auctioneer’s Statement of Sales

Auctioneer’s name, address and business registration number

MUHAMMAD AUCTIONS (A234543)
Auctioneers & Valuers
 T1-02, Jalan TTH 1/1, Taman Tuanku,
 08000 Sungai Petani, Kedah
 Tel: 04-4422345

Buyer’s name & address

Alia Safiyya
 No. 20 Jalan BPJ 2/3, Bandar Puteri Jaya
 08000 Sungai Petani, Kedah

The words “statement of sales” or “Invoice” clearly indicated

STATEMENT OF SALES

Invoice No: 00011/2014
 Date : 20 January 2014

Tax Invoice serial number

Date of Invoice

Lot	Description	Total (RM)
1.	One set bedroom furniture	2,080.00
2.	A pair of rattan occasional bedroom chairs	728.00
Total Sales		* 2,808.00

Description of goods or services supplied

Total amount payable inclusive of GST

* Total sales include GST RM108.00 @ 4%

GST amount and rate of tax chargeable

3.5 Tax Invoice and Supply Given Relief

Under the GST Act, the Minister may grant relief to any person or class of persons from the payment of the whole or any part of the tax on any taxable supply of goods or services or any importation of goods or class of goods. A taxable person shall be exempted from charging and collecting GST on taxable supply of goods or services made to such person or class of persons. GST should not be charged on the amount of taxable supply and the tax invoice issued to such person shall state the clause “*Exempt from charging GST for supply to a person given relief under Item, Schedule, of GST (Relief) Order 201X*”.

Example of a tax invoice for supply given relief is as follows:

Figure 11: Example of Tax Invoice for Supply Given Relief

TAX INVOICE

ABC KOMPUTER SDN.BHD.
 No.1, Jalan Bandar 43210 Shah Alam, Selangor
 (GST ID No : 100001/2009)
 Tel : 03-33498765

Invoice No: 1111
 Date : 25 June 2014
 D/O No : S000345

SEKOLAH KEBANGSAAN KLANG
 No. 24, Hala Meru, 43210 Klang, Selangor
 Tel: 03-33545454

Serial No.	Description	Quantity	Unit Price (RM)	Total (RM)
1.	Computer – CPU (Dell)	100	2,000.00	20,000.00
2.	Monitor (Dell 14")	100	500.00	5,000.00
3.	Wireless Mouse (Dell)	100	25.00	2,500.00
Total Sales				27,500.00
GST @ 4%				Nil
<i>(Exempt from charging GST for supply to a person given relief under Item 3, Schedule A of GST (Relief) Order 201X)</i>				
Total Amount Payable				27,500.00

ABC KOMPUTER SDN.BHD.

3.6 Tax Invoice in Foreign Currency

If a registered person issues a tax invoice in a foreign currency, the following items on the tax invoice must be converted into Ringgit for GST purposes:

- i. the total amount payable, (excluding GST);

- ii. the total tax chargeable; and
- iii. the total amount payable, (including tax).

For foreign currency conversion, there is no requirement to write in for approval. The use of the following exchange rates corresponding to the time of supply is acceptable to the Royal Malaysian Customs (Customs):

- i. in the case of local transaction, the use of daily exchange rates (buying, selling or average of the two) of any bank operating in Malaysia is acceptable. Example of a local tax invoice in foreign currency is shown in Figure 12.
- ii. in the case of importation, conversion of foreign currency should be at the exchange rates published by Customs which are updated every week.

Figure 12: Example of Local Tax Invoice in Foreign Currency

KENZOU ELECTRONIC BHD

Supplier's name, address and GST identification number: Kenzou Electronic Bhd
 Lot 169, Jalan Pasar, 32100 Ipoh, Perak
 (GST ID No:)
 Tel: 03-33161900

Invoice No : 0002121
 Date : 3.3.2014
 D/O No : D100011

Tax Invoice serial number

Customer's name & address: To: Kenzo Sdn Bhd
 No. 24, Jalan Silibin
 32100 Ipoh, Perak.

TAX INVOICE

The words "Tax Invoice" clearly indicated

No.	Description	Qty	Unit Price (USD)	Total (USD)	Total (RM) @3.50
1.	* LCD TV 42" T004S	20	1,000.00	20,000.00	70,000.00
2.	* Blue-Ray Player BD001	20	500.00	10,000.00	35,000.00
3.	* Home Theatre HT010	10	300.00	3,000.00	10,500.00
Total Sales				33,000.00	115,500.00
*Add GST @ 4%				1,320.00	4,620.00
Total Amount Due				34,320.00	120,120.00

Price in foreign currency

Price in Ringgit

Total amount payable excluding GST

Description of goods or services supplied

Total amount payable including GST

Total tax chargeable

KENZOU ELECTRONIC BHD

3.7 Importation of Goods and Services

Importation of goods and services are subject to GST. GST for imported goods are declared and paid at the time of importation based on the invoice from the overseas supplier using customs declaration forms (Customs Form No. 1 and 9). These declaration forms together with the Customs Official Receipt (COR) will be sufficient for the purpose of input tax claim by the importer or buyer. As for GST on imported services, it is accounted by way of the reverse charge mechanism and tax invoice is not issued for such supply (For further information on Reverse Charge Mechanism, please refer to GST Guide on Imported Services). Thus, the need to issue a tax invoice in the case of imported goods and services is not applicable.

3.8 Electronic Tax Invoice

Under Section 34 GST Act 201X, a registered person shall be treated as having issued a tax invoice to another person notwithstanding that there is no delivery of any equivalent document in paper form to the person if the required particulars of the tax invoice are recorded in a computer and are:

- i. transmitted or made available to the person by electronic means (including emails, facsimiles etc); or
- ii. produced on any material other than paper and is delivered to the person.

If tax invoices, receipts, credit or debit notes are issued electronically, these documents should be readily accessible and convertible into writing. The requirements for these electronic documents are as follows:

- i. the intended recipients must confirm in writing that they are prepared to accept electronic documents under the conditions set out. (This authorization must be retained by the supplier for a period of seven years after the issuance of the last electronic document to the recipient).
- ii. both the supplier and the recipient of the supply must retain the documents in readable and encrypted form for a period of seven years from the date of the supply. They must also have access to the necessary codes or other means available to enable Customs auditors to compare the documents in readable form with those in encrypted form.
- iii. for tax invoices, receipts, credit or debit notes that are issued manually and is subsequently converted into an electronic form,

these documents should be retained in its original form prior to the conversion.

3.9 Lost or Misplaced Tax Invoice

Whenever a tax invoice of a particular supply is lost or misplaced, you may request the supplier to provide a certified true copy of the tax invoice as it is an offence to issue more than one tax invoice per taxable supply. This certified copy of tax invoice can be used for claiming input tax as long as the document is clearly marked "COPY" by the supplier.

3.10 Proforma Invoice

A proforma invoice is not regarded as a tax invoice. You can only claim input tax in your GST return if you have a proper tax invoice. If your supplier does not give you a proper tax invoice, you should ask for one.

4. CREDIT NOTE AND DEBIT NOTE

The GST Act provides the requirement for the issuance of credit and debit notes in respect of a supply. The consideration for a particular supply can only be altered by means of a credit or debit note as it is against Generally Accepted Accounting Principle (GAAP) to merely issue another tax invoice to cover such supply.

Credit and debit notes provide a mechanism to allow the supplier to make the necessary adjustments in respect of a taxable supply after the tax invoice has been issued because there are subsequent changes (decreases or increases) in the original value of the supply.

Where there is any such change in the consideration, the person making or receiving the supply, as the case may be, shall within twenty-one days (21 days) after any such change or events, or within such longer period as the Director General may allow, issue a credit note or debit note.

The issuance of credit and debit notes by the registered person occurs when there is:-

- i. a change in the consideration due on a supply including a change in the rate of tax in force under Section 10 of the GST Act 201X or a change in the descriptions of the zero-rated or exempt supply under section 17 or 18 of the Act as the case may be; or
- ii. a cancellation in the supply.

4.1 Credit Notes

Credit notes are issued by the supplier when the value for a supply is reduced after a tax invoice was issued, for example, when faulty goods are returned by the customer. These notes are issued to correct a genuine mistake or to give a proper credit under certain situations such as:

- i. when the goods invoiced as standard-rated should be exempt or zero-rated;
- ii. the supply of goods or services is cancelled;
- iii. consideration for the goods have been partly or fully waived;
- iv. quantity discount given after goods have been supplied;
- v. when sub-standard goods are accepted by the customer at a reduced price;
- vi. goods are returned or services are not accepted; or
- vii. goods and services are supplied for an unascertained consideration.

Example

On 1 January 2014, Kamal Sdn. Bhd. a wholesaler of toys issued a sales invoice for amount RM2,080.00 for the supply of 20 sets of baby walker to Cute Baby Enterprise at RM100.00 per unit. On the same day, Cute Baby Enterprise cancelled the purchase of the walkers. Subsequently, Kamal Sdn. Bhd. issued a credit note that shows the value of RM2,000.00 (RM100.00 x 20) for the walkers and the GST amount of RM80.00 (RM2,000.00 x 4%). The total charge to be cancelled including GST is RM2,080.00.

4.2 Debit Notes

Debit notes are issued by the supplier when the value of the supply is increased after a tax invoice was issued. These notes are issued to correct a genuine mistake or to give a proper debit under certain situations such as:

- i. when the goods invoiced as exempt or zero-rated should be standard-rated;
- ii. additional charges such as transportation cost imposed after delivery of goods;
- iii. when goods delivered to the customer are under-priced;
- iv. over supply of goods or services to the customer; or

- v. goods or services are supplied for an unascertained consideration.

Example

An invoice for amount RM1,500.00 was issued by Modern Sdn. Bhd. for supply of 50kg rice at RM30.00/kg to Esa, a retailer. No GST was charged on the zero rated supply of rice. After one week, Modern Sdn. Bhd. discovered that 10kg biscuits at RM30.00/kg and 40kg rice were actually supplied to Esa. Due to the change in consideration from RM1,500.00 to RM1,512.00, a debit note for RM12.00 was issued by Modern Sdn. Bhd. to claim the GST amount on the taxable supply of biscuits (RM300.00 x 4%).

4.3 Details on Credit and Debit Notes

In accordance with the GST Regulations 201X, the following details should appear in the credit and debit notes:

- i. the words “credit note” or “debit note” in a prominent place;
- ii. the serial number and date of issue;
- iii. the name, address and GST identification number of the supplier;
- iv. the name and address of the person to whom the goods or services are supplied;
- v. the reasons for its issue;
- vi. description of the goods or services;
- vii. the quantity and amount for each supply;
- viii. the total amount excluding tax;
- ix. the rate and amount of tax; and
- x. the number and date of the original tax invoice.

4.4 Keeping Record on Credit

The recipient must keep a record of all credits received from the suppliers. If the recipient normally issue debit notes to suppliers from whom credit is due and adjust the recipient’s records at that stage, the debit notes must show details similar to those required for credit notes, i.e. the credit notes from the suppliers must matched with the debit notes issued by the recipient for the same supply. Likewise, the supplier must also keep a record of all credits given to the recipients and make the necessary adjustments. The recipient and the supplier should ensure that adjustments are made only

once and that the credit and debit notes are not used simultaneously as accounting documents.

5. RECORD KEEPING

Section 36 of the GST Act 201X requires every taxable person to keep full and true records of all transactions which affect or may affect his liability to tax. These records should be kept in Malaysia except as otherwise approved by the Director General and shall be in the national or English language, and should be preserved for a period of seven years from the latest date to which the records relate.

Any person, who contravenes Section 36 GST Act 201X, commits an offence and shall, on conviction, be liable to a fine not exceeding fifty thousand ringgit or to imprisonment for a term not exceeding three years or to both.

5.1 What are Records?

Records are documents which include all books of account or relevant computer print-outs if a computer is used, as well as supporting documents. If the record is in an electronically readable form, a manual to the software must be available. Records may include:

- i. all records of goods or services supplied by or to that taxable person including tax invoices, invoices, receipts, credit note, debit note and export declaration forms;
- ii. all records of importations of goods;
- iii. physical books of account, financial statement and paper based source documents including computer printouts of business and accounting records;
- iv. electronic records; and
- v. all details of the accounting system, including charts, codes of accounts, instruction manuals, system and program documentation and specification, etc.

All taxable persons should keep every reasonable accounting documents and records of all business supplies and acquisitions to enable GST auditors to establish the nature, time and value of all taxable supplies and importation of goods and services, including information which assists in reconciling accounting records with the GST returns submitted.

Details of any exempt supplies and any method of apportionment used should also be available. The term “records” therefore includes the record

of all goods and services supplied, received and imported and the applicable rate of tax on all supplies made and received. The specific records that you are required to keep include:

5.1.1 Business Entity Records

Business registration records such as Form 9, Form 13, Form 24 or Form 49.

5.1.2 Taxation Records

- i. GST returns, payment slips and receipts;
- ii. Export release records, such as exports declaration (K2), records for the taxable goods status and other related records.
- iii. Import release records such as:
 - a. imports declaration (K1, K9), Customs Official Receipt (COR) and value declaration form (K1A);
 - b. transportation records such as invoices, delivery orders, packing lists, bill of lading, insurance records, transport charges and other related records;
 - c. Letter/Classification Ruling or Decision/Valuation Ruling or Customs Advance Ruling;
 - d. exemption letters obtained by the registered person; and
 - e. Import Permit;
- iv. Records and documents to account for any adjustments related to GST input and output tax;
- v. Inland Revenue declaration forms;
- vi. GST Summary Sheet;
- vii. GST adjustment working sheet.

5.1.3 Business Transactions Records

- i. Sale and purchase records such as purchase order/order notes, delivery orders, tax invoices, invoices, receipts, vouchers, cash register roll, debit/credit notes and other related records.

- ii. Contract records (includes sub-contracts) such as agreements between buyers and sellers or parties involved in business transactions, letter of concession power, joint venture/ leasing/ manufacturing agreements, royalty/ franchise/ license and other Intellectual Property Rights (IPR) agreements, agency commission/brokers contract, distribution/ sale and purchase contract and other related records.
- iii. Correspondence records such as mail, facsimile, e-mail and other related documents.
- iv. Payment records such as cheques, bank drafts, letter of credit, fund transfers applications, debit advice and other related records.
- v. Details of any agents acting on supplier/principal's behalf and transactions concluded through agents.

5.1.4 Accounting Records

- i. Audited Financial Report including Profit and Loss Account.
- ii. Management Account.
- iii. General Ledger and Subsidiary Ledger
- iv. Cash Book
- v. Fixed Asset Register
- vi. Production records, stock sheet/list and control list;
- vii. Debtors and creditors lists (in respect of a change in accounting basis)
- viii. Audit adjustments
- ix. Journal, acceptance slips, receipts, payment vouchers, payment slips and other supporting records

5.1.5 Other records:

- i. business goods which were put to non-business use;
- ii. disposal of business goods, whether or not for a consideration;

- iii. gifts to customers in the course or furtherance of business;
- iv. samples given to potential customers in the course or furtherance of business;
- v. fringe benefits given to employees; and
- vi. movement of imported goods to/from Licensed Warehouse.

You may require the above information when calculating your GST liability before filling in your GST return.

5.2 Computer/Electronic Records

The registered person must keep the original documentation and normally they will be kept in paper (hard copy) format. However, where the record is in an electronically readable form, the record shall be kept in such manner as to enable the record to be readily accessible and convertible into writing.

When the record is originally in a manual form and is subsequently converted into an electronic record, the record shall be retained in its original form prior to the conversion. Such records shall be admissible as evidence in any proceedings. For example, record kept on a computer using magnetic tape or disc, should be readily converted into a satisfactory legible form and available to Customs on request to allow its officers to check registered person's operation and the information stored through the person in charge of the computer or its software.

5.3 Records Kept Overseas

Any record relating to GST must be kept in Malaysia by taxable persons. For those who intend to keep their records overseas, they must seek approval from the Director General, subject to the conditions as he deems fit. Besides complying with Section 36 of the GST Act 201X, records kept overseas must be made available when required by the GST officers for verification or audit purposes.

6. RECORDS ON GST SUMMARY SHEET

To facilitate you to submit correct and accurate GST returns and to assist any audit process, it is advisable that you maintain a record on GST summary sheet. GST summary sheet is a summary of the value of acquisition/supply and input/output tax for each taxable period.

For every taxable period, you should update your records and prepare your GST summary sheet with separate headings as follows:

- i. Total Acquisition and Input Tax
- ii. Total Supply and Output tax
- iii. Additional Information

Examples of a GST summary sheet are as in **Figure 13, 14 and 15.**

DRAFT

**Figure 13: GST Summary Sheet of Total Acquisition and Input Tax
for Taxable Period 1 Jul – 30 Sep 2014**

Types of Acquisition	Value of Acquisition Excluding GST (RM)	Input Tax 4% (RM)	
		Claimable	Non-Claimable
STANDARD RATE			
1. Normal Purchase – to make standard rated supply	20,000	800	Nil
Normal Purchase – to make Exempt supply	10,000	Nil	400
Normal Purchase – to make incidental Exempt Supply (Reg. 43 & 44A)	400	16	Nil
2. Purchase of Capital Goods – to make standard rated supply	77,000	3,080	Nil
Normal Purchase – to make Exempt supply	10,000	Nil	400
3. Supplies with GST Relief	Nil	Nil	Nil
4. Imported Services	15,500	620.00	Nil
5. GST on Imports	11,200	448.00	Nil
Sub Total	144,100	4,964	800
Adjustments:			
1. Bad Debt Relief	2,000	80	Nil
2. Credit Note / Debit Note	4,056	156	Nil
3. Capital Goods Adjustment	Nil	Nil	Nil
4. Annual Adjustment	Nil	Nil	Nil
5. Other Adjustments	Nil	Nil	Nil
Sub Total	6,056	236	0.00
Total	150,156	5,200	800

**Figure 14: GST Summary Sheet of Total Supply and Output Tax
for Taxable Period 1 Jul – 30 Sep 2014**

Types of Supply	Value of Supply Excluding GST (RM)	Output Tax 4% (RM)
STANDARD RATE		
1. Normal Supply	125,000	5,000
2. Disposal of business assets	5,000	200
3. Deemed Supply: Gifts, business assets used privately, etc.	3,200	128
4. Imported Services	8,100.00	324
Sub Total	141,300	5,652
Adjustments:		
1. Bad Debt Recovered	1,000	40
2. Credit Note / Debit Note	Nil	Nil
3. Capital Goods Adjustment	Nil	Nil
4. Annual Adjustment	Nil	Nil
5. Other Adjustments	Nil	Nil
Sub Total	1,000	40
Total	142,300	5,692
Net Tax Payable/(Claimable)	[Output Tax – Input Tax] 5,692 – 5,200 = RM 492	

**Figure 15: GST Summary Sheet for Additional Information
for Taxable Period 1 Jul – 30 Sep 2014**

Types of Supply	Value (RM)	GST (RM)
Total Value of Zero-Rated – Local Supplies	1,000	Nil
Total Value of Export Supplies	25,000	Nil
Total Value of Exempt Supplies	Nil	Nil
Total Value of Supplies with GST Relief	7,600	Nil

Types of Supply	Value (RM)	GST (RM)
Total Value of Goods Imported Under Special Scheme and GST Suspended	1,000	40 (suspended)
Total Value of disregarded Supplies	3,569	Nil
TOTAL	38,169	Nil

GST summary sheet as in **Figure 13, 14 and 15** is the basic requirement to record your GST information. An additional working sheet is required to support this summary sheet. For example, you may be required to prepare an additional working sheet to support the figures in Credit Note / Debit Note as recorded in Figure 13. Example of the working sheet is as in Figure 16.

Figure 16: List of Invoice for Credit Note / Debit Note as at 30.09.2014

No.	Credit / Debit Note No.	Date	CN / DN Amount (Inclusive of GST) (RM)	Related Invoice No.	Invoice Amount (Inclusive of GST) (RM)	GST Paid (RM)	Taxable Period Tax Declare / Paid	GST Claimed (RM)
1.	CN1234	1.5.2014	1,040	67899	10,400	400	Apr – Jun 2014	40
2	CN1911	21.5.2014	2,080	68450	19,760	760	Apr – Jun 2014	80
3.	DN66997	13.6.2014	936	79776	5,200	200	Apr – Jun 2014	36
		TOTAL	4,056		35,360	1,360		156

7. RECORDS REQUIREMENTS TO CLAIM GST RELIEF ON BAD DEBTS

Taxable persons are required to maintain and preserve all records and documents in respect of bad debts. Beside the records mentioned in paragraph 5 of this guide, the taxable person is required to keep additional records to support bad debt relief claims such as:

- i. other documentary evidence showing the time, nature, purchaser's details and the consideration of the supply;

- ii. records or any other documents showing that you have accounted for and paid the tax;
- iii. records or any other documents, for example debtor's aging list showing that the consideration has not been received after 6 months from the date of supply in the taxable person's accounts as bad debt;
- iv. records or any other documents showing that sufficient efforts have been taken by the registered person to recover the debt, e.g. sufficient efforts mean:
 - a. letter from company's solicitor or legal action taken against the debtor,
 - b. engagement and actions from credit agency,
 - c. bad debt has been written off,
 - d. reminders and repeated letters of demand from company and etc;

It is not compulsory to fulfil all the conditions above. However, merely sending letters of demand to debtors may not be treated as sufficient effort to recover the debt. Thus, Customs may not qualify the taxable person for bad debt relief.

- v. insolvency records such as:
 - a. Individual:

A letter from Department of Insolvency to notify that the debtor is declared as adjudged bankrupt under the Bankruptcy Act 1967;
 - b. Company:
 - 1. letter from Department of Insolvency; or
 - 2. Court order for winding up under Companies Act 1965;
 - 3. letter of appointment of receiver;
 - 4. statement of affairs lodged with Suruhanjaya Syarikat Malaysia to state that the assets of the company is not sufficient to cover the payment of any debts;
 - 5. Forms related to debtor's insolvency such as:

- Form 70, Companies Act 1965 (Notice of Appointment and Situation of Office or Liquidator (Winding-Up) by the Court);
 - Form 75, Companies Act 1965 (Liquidator's Account of Receipts and Payments and Statement of the Position in the Winding Up);
 - Proof of Debt General Form;
- vi. notification of intention to make a claim for GST bad debt relief to Director General and debtors. Example is shown in **Figure 17**.
- vii. maintain a single account known as "refund for bad debts account".

Figure 17: Example of a Notification of Claim for GST Bad Debt Relief

From : ABC Sdn. Bhd. (GST ID. No:.....)

Address:

To : XYZ Sdn. Bhd. (GST ID. No:.....)

Address:

Cc : Director General

Address:

Notification of a Claim for GST Bad Debt Relief Under Section 59, GST Act 201X

I hereby notify you of an intention to make a claim for GST bad debt relief in respect of the following supply/supplies made to you for which payment has not been received.

Date of this notice : 25 August 2012
 Invoice date : 10 January 2012
 Invoice No : 5/02

Total amount due : RM1,000.00

Bad debt relief claim : RM40.00

Proposed taxable period to claim: October-December 2012

Under Section 38, GST Act 201X, you are required to repay any GST claimed on these supplies to Royal Malaysian Customs Department until such time as payment is made.

This notification has been issued to comply with the GST Regulations 201X. Payment including GST in respect of the supplies remains due and should be made forthwith.

Signature :

Name :

Designation :

A record should also be maintained showing details of supply in respect of each claim made:

- i. details of supply for that claim;
 - a. the amount of GST chargeable;
 - b. the table period in which the GST was accounted for and paid to the Director General;
 - c. the date and serial number of tax invoice issued or, where there is no such invoice, any information necessary to identify the time, nature and debtor; and
 - d. any payment received.
- ii. the outstanding GST amount to which the claim relates;
- iii. the total amount of GST claim; and
- iv. the taxable period in which the claim was made.

Example is shown in **Figure 18**.

Figure 18: Example of a Record for GST Bad Debt Claim

No	Invoice No	Invoice Date	Invoice Amount: inclusive GST (RM)	GST paid (RM)	Taxable period: Tax declare/ paid	Payment received (RM)	Outstanding (RM)	GST claimed (RM)	Taxable period: claimed	Age (months)
1.	IA1234	9.2.2015	1,900	73.08	Jan – Mar 2015	190	1,710	65.77	Apr – Jun 2016	14
2.	IA1235	1.6.2015	2,000	76.92	Apr – Jun 2015	200	1,800	69.23	Apr – Jun 2016	10
3.	IA1236	1.9.2015	5,500	211.54	Jul – Sep 2015	Nil	5,500	211.54	Apr – Jun 2016	7
		Total	9,400	361.54		390	9,010	346.54		

The above example is using invoice as reference. However, if the time of supply is not based on the date of invoice, the reference could be the date of delivery or payment, whichever is applicable.

8. NON-ISSUANCE OF TAX INVOICE AND RECORD KEEPING

Under GST legislations, the general rule is that a registered person who makes taxable supplies must issue a tax invoice. However, under certain circumstances, a registered person may impose GST on his supply without issuing a tax invoice.

8.1 GST Registered Person Under Relief for Second Hand Goods

A person approved under this scheme can purchase second-hand goods (used motor vehicles/real properties) from a non-registered person or individual. Subsequently, when the person approved under this scheme resells the goods, he has to charge GST on the difference between the selling price and acquisition price of the goods. Since tax invoice is not allowed to be issued by the approved person, the buyer if he is a registered person cannot claim input tax on such goods (for further information, please refer to the Margin Scheme guide).

A person approved under this scheme must keep records such as:

- purchase and sales invoices for sales under the Margin Scheme;
- log book; and
- payment voucher.

The log book should include the following details:

i. Purchase Details

- a. date of acquisition / purchase;
- b. purchase invoice number;
- c. total purchase price.
- d. seller's name and address;
- e. property (commercial building)/vehicle registration, engine and chassis numbers; and
- f. model and make.

ii. Sales Details

- a. date of sale;
- b. sales invoice number;
- c. buyer's name and address;

- d. total sale price;
- e. property (commercial building)/vehicle registration, engine and chassis numbers; and
- f. model and make.

iii. Accounting Details

- a. purchase price;
- b. selling price;
- c. sales margin value;
- d. tax rate on date of sale; and
- e. GST due.

Example of a margin scheme record:

Figure 19: Example of a Margin Scheme Record

No	Sell			Purchase			Margin inclusive GST 4%	GST		Additional Information		
	Date	Inv No.	Amount (RM)	Date	Receipt No.	Amount (RM)		Amount Payable	Taxable Period	Reg No / Lot No	Make	Etc
1.	1.6.2015	V123	50,000	4.4.2012	P899	20,000	30,000	1,153.85	Jun 2015	WBP XX	Ford	Escape
2.	5.8.2015	V124	43,000	6.3.2011	1199	23,000	20,000	769.23	Aug 2015	LB XX	Honda	Civic

8.2 Flat Rate Scheme

Flat rate scheme allows any person who qualifies and is carrying on a business involving the prescribed activities to include a prescribed flat rate addition in the consideration for any taxable supply of goods made by him from the prescribed activities to any registered person in the course or furtherance of the business.

The approved person of prescribed activities shall issue an invoice and charge a prescribed flat rate addition in the consideration on the supply of taxable goods to GST registered persons. The approved persons under the scheme are not allowed to claim ITC and buyers who are GST registered persons can claim ITC based on flat rate addition (tax) incurred. The approved persons need not submit returns nor remit flat-rate addition (tax)

collected to Customs. However, he must submit annual sales statement which includes the customers list to the Director General.

Example of flat rate scheme annual sales statement is shown in **Table 1** and **2** below.

Table 1: Flat Rate Scheme Annual Sales Statement for the Year 201X

Name of Approved Person :
 The Address of Approved Person :
 Flat Rate Scheme Number :

Month	Flat Rate Scheme Sales (RM)	Flat Rate Addition (RM)
January		
February		
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		
Total (RM)		

No.	Purchaser Name (Registered Person)	Goods and Services Tax Number (GST ID No.)

Signature :
 Name :
 Position :
 Company's Stamp :

8.2.1 Invoice for the Scheme

An invoice issued under the scheme should have the following particulars:

- i. invoice serial number;
- ii. the name, address and reference number of the approved person;
- iii. the date of issuance of the invoice;
- iv. the name, address and GST identification number of the registered person to whom the goods are supplied;
- v. a description of the goods supplied;
- vi. the total amount payable excluding flat rate addition, the rate of flat rate addition and the total amount of flat rate addition to be shown separately; and
- vii. the total amount payable inclusive of flat rate addition.

An approved person shall only issue an invoice with a flat rate addition for any supply of taxable goods to GST registered person with respect to the prescribed activities of his business.

Figure 20: Example of Invoice for Flat Rate Scheme

Name, address and flat rate reference no. of approved person

ELLE TOBACCO ENTERPRISE (10000897)
 Lot 123, Jalan Mahsuri, 81200 Johor Bahru
 Tel : 07-2312 345
 (Flat Rate Ref. No : FRS1022/2014)

Invoice No : 0001114
 Date : 1 June 2014

Invoice serial number

Date of issuance

INVOICE

DUNVILLE MANUFACTURING SDN. BHD.
 Lot 123, Jalan Padi, 81200 Johor Bahru
 Tel : 07-3349 765
 (GST ID No: 100004/2014)

Customer's name, address and GST no.

No.	Description	Total (RM)
1.	10 kg Green Tobacco Leaves (Grade 1) @ RM100/kg	1,000.00
2.	20kg Tobacco Leaves (Grade 2) @ RM50/kg	1,000.00
3.	40kg Spring Tobacco Leaves (Grade 3) @ RM30/kg	1,200.00
Total (excluding Flat Rate Addition)		3,200.00
Flat Rate Addition @ 1%		32.00
Total Amount Payable		3,232.00

Description goods supplied

Total amount excluding flat rate addition

Total amount of flat rate addition

Rate of flat rate addition

Total amount inclusive of flat rate addition

ELLE TOBACCO ENTERPRISE

8.2.2 Records to Keep

Records to be kept under flat rate scheme include:

- i. invoices;
- ii. sales record:
 - a. of total sales to GST registered person with flat rate addition; and
 - b. total non-farming activities;
- iii. annual sales statement.

8.3 Approved Toll Manufacturing Scheme (ATMS)

A toll/contract manufacturer performing value added activities involving the treatment or processing of goods for an overseas principal, can apply for the ATMS as an Approved Toll Manufacturer subject to certain prescribed conditions (Please refer to GST Guide on ATMS).

Under the ATMS, the supply of value added activities (such as processing charges/toll) made by the approved toll manufacturer (ATM) for and to the overseas principal is to be disregarded under subsection 73(1) of the GST Act 201X. GST on the processed goods or finished goods delivered by the ATM (for his overseas principal) to a local customer (GST registered person or non-GST registered person) will be accounted by the local customer by way of "Recipient Self-Accounting", i.e. the local customer shall account and pay tax as if he had himself supply the goods.

8.3.1 Invoice for the ATMS

ATM may issue a tax invoice to overseas principal for the supply of value added services performed on the raw materials consigned by the overseas principal. Tax invoice should not be issued for processed or finished goods delivered to local customer of overseas principal. However, such goods delivered by ATM to that local customer should be accompanied by Delivery Order (DO).

The local customer/recipient who received such goods will account for output tax on the local supply by way of "Recipient Self-Accounting" based on invoices from the overseas principal or when payment is made to the overseas principal. At the same time, the local customer can claim the deemed output tax as his input tax credit if he is a GST registered person.

However if the local customer (who is also a GST registered person) received processed or finished goods from the ATM and

subsequently supplied the goods to the local markets, he should account for output tax and must issue tax invoice to the buyers on such local supplies.

8.3.2 Record Keeping

Both the approved toll manufacturer and the local customer (ATMS participant) of the overseas client who are registered under the ATMS must maintain up-to-date accounts and records at all times.

i. Record Keeping by Approved Toll Manufacturer

Besides the records mentioned in paragraph 5 of this guide, a toll manufacturer under the ATMS must at all time maintain and preserve good accounting and inventory records related to raw materials received, stored and being manufactured as well as processed or finished goods delivered and re-exported. These records include:

- a. all invoices from and to overseas principal;
- b. delivery orders;
- c. other original documents and records related to the acquisitions, receipts and supplies of raw materials (imported or local purchase) and finished goods re-exported, delivered or consigned under the ATMS;
- d. any agreements or contracts made between the Approved Toll Manufacturer and the overseas principal;
- e. list of recipients covered under ATMS (registered and non-registered); and
- f. summary of delivery of goods to ATMS recipients (registered and non-registered).

ii. Record Keeping by Local Customer (registered and non-registered)

The local customer under the ATMS must similarly maintain and preserve good accounting and inventory records at all times with respect to finished goods received and supplied, both locally and overseas. These records include:

- a. all invoices from overseas principal;

- b. delivery orders from ATM;
- c. other original documents and records related to supplies received and sold such as Customs Declaration Forms (K1/K2/K9) etc.;
- d. any agreements or contracts between local customer (buyer of finished product) and the overseas principal; and

8.4 GST Group Registration

Companies that form a group may choose to be registered as a group under GST. Two or more companies may group under GST when one company controls the other(s) or when these companies are controlled by an individual or a few individuals in a partnership. The controlling person(s) must hold more than fifty percent of the issued share capital of each of these companies (For more details, please refer to the GST Guide on Registration).

8.4.1 Invoice for GST Group

- i. Individual member of the GST group making supplies to recipients outside the group must issue tax invoices with their own GST registration numbers.
- ii. For acquisitions by individual member of the GST group from suppliers outside the group, the tax invoice shall be issued in the name of the individual members.
- iii. Supplies or transactions between members of the GST group are disregarded. They may issue normal invoices to one another when making supplies within the group.

8.4.2 Records to Keep

Besides the documents and records mentioned in paragraph 5 of this guide that are required to be maintained by the registered persons, all members of GST group including the representative member shall also maintain the following records:

- i. individual member's monthly record on total inputs (purchases and acquisitions) and outputs (sales and disposal other than sales); and
- ii. individual member's monthly summary on total inputs (purchases and acquisitions) and outputs (sales and disposal other than sales).

Examples of such monthly summary are shown below:

Example 1: Member A (GST ID No.): Summary of Total Output Supplied for Taxable Period January 201X

Types of Supply	Output	Output Amount (RM)	Output Tax (RM) 4%
Supplies to outside group	Standard Rate	10,000	400
	Zero Rate Local	3,000	Nil
	Zero Rate Export	1,000	Nil
	Exempt	N/A	N/A
	Supplies with GST Relief	1,000	Nil
Supplies within the group	Standard Rate	10,000	Nil (Disregarded)
	Zero Rate	Nil	Nil
Adjustment	Bad debt recovered	500	20
	Other adjustments	Nil	Nil
Total		25,500	420

Example 2: Member A (GST ID No.): Summary of Total Input Acquired for Taxable Period January 201X

Types of Supply	Output	Output Amount (RM)		Output Tax (RM) 4%
Supplies to outside group	Standard Rate	Other input	Capital goods	4,320
		8,000	100,000	
	Zero Rate Local	1,000		Nil
	Exempt	1,000		Nil (Exempt)
	Supplies with GST Relief	N/A		N/A
	Goods Imported Under Special Scheme	N/A		N/A

Types of Supply	Output	Output Amount (RM)	Output Tax (RM) 4%
	GST on Imports	Nil	Nil
Supplies within the group	Standard Rate	6,000	Nil (Disregarded)
	Zero Rate	500	Nil
Adjustment	Bad debt relief	1,000	40
	Other adjustments	Nil	Nil
Total		117,500	4,360
Net Tax Payable/(Claimable)		(3,940) [Output tax – input tax = 420 – 4,360]	

Example 3: Member B (Approved Trader Scheme No.): Summary of Total Output Supplied for Taxable Period January 201X

Types of Supply	Output	Output Amount (RM)	Output Tax (RM) 4%
Supplies to outside group	Standard Rate	100,000	4,000
	Zero Rate Local	10,000	Nil
	Zero Rate Export	2,000	Nil
	Exempt	N/A	N/A
	Supplies with GST Relief	Nil	Nil
Supplies within the group	Standard Rate	Nil	Nil
	Zero Rate	Nil	Nil
Adjustment	Bad debt recovered	Nil	Nil
	Other adjustments	Nil	Nil
Total		112,000	4,000

Example 4: Member B (Approved Trader Scheme): Summary of Total Input Acquired for Taxable Period January 201X

Types of Supply	Output	Output Amount (RM)		Output Tax (RM) 4%
		Other input	Capital goods	
Supplies to outside group	Standard Rate	50,000	Nil	2,000
		3,000		
	Zero Rate Local	3,000		Nil
	Exempt	6,000		Nil (Exempt)
	Supplies with GST Relief	Nil		Nil
	Goods Imported Under Special Scheme	2,000		80 (Suspended)
	GST on Imports	Nil		Nil
Supplies within the group	Standard Rate	4,000		Nil (Disregarded)
	Zero Rate	N/A		N/A
Adjustment	Bad debt relief	Nil		Nil
	Other adjustments	Nil		Nil
Total		65,000		2,000
Net Tax Payable/(Claimable)		2,000 [Output tax – input tax = 4,000 – 2,000]		

Example 5: Representative Member (GST ID No.): Summary of Total Output Supplied for Taxable Period January 201X

Types of Supply	Output	Output Amount (RM)	Output Tax (RM) 4%
Supplies to outside group	Standard Rate	100,000	4,000
	Zero Rate Local	10,000	Nil
	Zero Rate Export	2,000	Nil
	Exempt	N/A	N/A
	Supplies with GST Relief	3,000	Nil
Supplies within the group	Standard Rate	5,000	Nil (Disregarded)
	Zero Rate	Nil	Nil
Adjustment	Bad debt recovered	Nil	Nil
	Other adjustments	Nil	Nil
Total		120,000	4,000

Example 6: Representative Member (GST ID No.): Summary of Total Input Acquired for Taxable Period January 201X

Types of Supply	Output	Output Amount (RM)		Output Tax (RM) 4%
		Other input	Capital goods	
Supplies to outside group	Standard Rate	50,000	Nil	2,000
		3,000		
	Zero Rate Local	6,000		Nil (Exempt)
	Exempt	Nil		Nil
	Supplies with GST Relief	N/A		N/A
	Goods Imported Under Special Scheme	Nil		Nil
GST on Imports	10,000		Nil (Disregarded)	
Supplies within the group	Standard Rate	1,500		Nil
	Zero Rate	Nil		Nil
Adjustment	Bad debt relief	Nil		Nil
	Other adjustments	Nil		Nil
Total		70,500		2,000
Net Tax Payable/(Claimable)		2,000 [Output tax – input tax = 4,000 – 2,000]		

The Representative Member is also required to maintain the following records:

- i. a consolidated monthly record on all inputs (purchases and acquisitions), outputs (sales and disposal other than sales) and GST payable/claimable of all members of the group;
- ii. copies of individual member's monthly summary on total inputs (purchases and acquisitions), outputs (sales and disposal other than sales) and GST payable/claimable; and
- iii. monthly GST returns in respect of the GST group.

Example of GST group's consolidated monthly record is shown below:

Example 7:
Representative Member (GST Group ID No.): Consolidated Monthly Record on Total Inputs and Outputs of All Group Members for Taxable Period: January 201X

	Supply of Output to Recipients Outside GST Group						Acquisition from Suppliers Outside GST Group										Net Tax Payable/ (Claimable) by Members
	Total Standard Rate Output	Total GST Relief Output	Total Zero Rate Output		Adjustment	Total Output Tax 4%	Total Standard Rate Input		Total Zero Rate Input	Total Exempt Input	Total GST Relief Input	Total Imported Value Under Special Scheme	GST on Imports	Adjustment	Total Input Tax 4%		
			Local	Export			Other Inputs	Capital Goods									
(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	
Rep Member	100,000	3,000	10,000	2,000	Nil	4,000	50,000	Nil	3,000	6,000	Nil	N/A	Nil	Nil	2,000	2,000	
Member A	10,000	1,000	3,000	1,000	500	420	8,000	100,000	1,000	1,000	Nil	N/A	Nil	1,000	4,360	(3,940)	
Member B(ATS)	100,000	Nil	10,000	2,000	Nil	4,000	50,000	Nil	3,000	6,000	Nil	2,000	80	Nil	2,000	2,000	
Member C	200,000	Nil	30,000	Nil	Nil	8,000	10,000	Nil	10,000	5,000	Nil	N/A	Nil	Nil	400	7,600	
Member D	50,000	Nil	20,000	Nil	Nil	2,000	20,000	Nil	5,000	2,000	Nil	N/A	Nil	Nil	800	1,200	
Total	460,000	4,000	73,000	5,000	500	18,420	138,000	100,000	22,000	20,000	Nil	2,000	80	1,000	9,560	8,860	
Net Tax Payable/ (Claimable) by group	8,860 (Output Tax – Input Tax)																

8.5 Joint Venture

A Joint Venture formed to undertake petroleum upstream activity under the Production Sharing Contract (PSC) is approved for registration under GST joint venture (For more information, please refer to the GST Guide on Petroleum Upstream Activities).

8.5.1 Records to Keep

- i. The Venture Operator shall maintain the following records:
 - a. production Sharing Contract, Joint Operating Agreement, Budget and Work Programs and other related documents for the joint venture;
 - b. purchase and sales invoices in the name of the venture operator for the joint venture. Other related documentary evidences of such purchases or acquisitions and sales;
 - c. joint interest billings issued to all venturers;
 - d. monthly quantity records of crude petroleum or raw gas being uplifted from oil or gas wells by the respective venturers; and
- ii. The Venturers shall individually maintain the following records:
 - a. tax invoices on the supply of goods and services to the venture operator with respect to the JV. Documentary evidences of such supply to the venture operator. (The venturer can claim input tax on acquisitions made by him for the JV);
 - b. tax invoices on the supply of crude petroleum or raw gas being uplifted from oil or gas wells. (The venturer is to account and pay for the output tax [GST] on the supply of such goods to his customers); and

9. OTHER CASES

Other cases on issuance of tax invoice and record keeping include:

9.1 Agents

An agent may buy or sell goods and services on behalf of a principal either in the name of the principal or in his own name.

If an agent sells goods and services on behalf of the principal, the principal is the seller and not the agent. In such case, an agent should not issue a tax invoice in his own name to the buyer. However, in certain cases, an agent is allowed to issue tax invoice on behalf of the principal provided that it is issued in the name of the principal.

If an agent buys goods and services on behalf of the principal, the principal is the buyer and not the agent. In such case, the tax invoice must show the principal's details, i.e. the tax invoice should be issued to the principal.

In the case of an agent who buys or sells goods and services in his own name, he is the buyer or the seller. If the agent is a registered person, he must issue a tax invoice in his own name.

If the agent is a registered person, he must issue a tax invoice to claim the commission from the principal for his services as a selling or buying agent. (For further information, please refer to the GST Guide on Agent).

Record Keeping

Besides the records mentioned in paragraph 5 of this guide, the agent must also keep a complete record of the name, address and GST number of his principals in any transaction.

9.2 Auctioneer

In an auction sale, the auctioneer normally acts as an agent to sell goods on behalf of the principal. Principal may include owner or financier. Although the goods will be auctioned on behalf of the principal, the auctioneer has to account for output tax for the sale of the goods if the owner is a taxable person. Invoice for the supply of the auctioned goods will also be issued by the auctioneer.

The types of invoice to be issued will depend on the GST status of both the owner of the goods and the auctioneer. A tax invoice should be issued if the owner of the goods is a taxable person and the auctioneer is a registered person. If the owner is a taxable person but the auctioneer is a non registered person, then the auctioneer has to issue an invoice or a statement of sales as mentioned in sub paragraph 3.2.2 of this guide. Summary of the above scenario is as follows:

Figure 21: Summary of Types of Invoice Issued by Auctioneer

SCENARIO	STATUS OF OWNER	OUTPUT TAX	AUCTIONEER	TYPES OF INVOICE
1	Taxable Person	Chargeable	Registered Person	Tax Invoice
2	Taxable Person	Chargeable	Non-Registered Person	Invoice or Statement of Sales
3	Non-Taxable Person	Not Chargeable	Registered Person	Invoice
4	Non-Taxable Person	Not Chargeable	Non-Registered Person	Invoice

The services rendered by the auctioneer are taxable supplies, thus commissions earned by the auctioneer would be liable for output tax. If the auctioneer is a registered person, then he has to issue a tax invoice to claim his commission or fee from the principal for carrying out the auction. (For more information, please refer to the GST Guide on Auctioneer).

Record Keeping

An auctioneer, who is the taxable person, must maintain and keep proper records and accounting on all goods that he receives and auctioned off on behalf of his principals for at least seven years. All accounting records must be supported by related original documents and must be kept in accordance with the Generally Accepted Accounting Principles (GAAP) and provides a good audit trail. Records to be maintained by the auctioneer include:-

- i. the names, addresses and GST number of the principals in any transaction;
- ii. date of sale;
- iii. quantity and description of each goods or property that he auctioned on behalf of each individual principal;
- iv. the auctioned price of each goods or property that he has auctioned off;
- v. entry fee or commission he receives for each goods or property that he has auctioned off;

- vi. charges on incidental services provided to each individual principal; and
- vii. details of output tax charged and input tax claimed.

9.3 Repossession of Goods by Lender/Financier

Repossession is generally used to refer to lender or financier taking back the asset/property/goods that was either used as collateral or rented or leased in a transaction. The hirer is the person who initially owns the property or goods which were later taken back by the lender or financier when he defaulted on his payment. The act of repossession is not a supply for GST purposes. When the reposessor (i.e. the person or institution which provides the financing and later repossessed the property or goods to recover the loan) sells the property or goods, he is deemed to have sold the goods on behalf of the hirer and has to account for any output tax on the sale of the repossessed goods if the hirer is a registered person. Invoice for the supply of the repossessed goods will also be issued by the reposessor.

The mechanism on the issuance of invoice is the same as the auctioneer in subparagraph 9.2 of this guide. A tax invoice should be issued if the hirer of the property or goods and the reposessor are GST registered persons. If the hirer is a GST registered person but the reposessor is a non registered person, then the reposessor has to issue a statement of sale or an invoice.

Usually, the lender/financier may contract the work of repossession out to a repossession agent. The agent will then surrender the goods to the lender or financier. The services performed by repossession agent are taxable supplies. If the agent is a registered person, he must issue a tax invoice to claim the commission from the lender/financier for his services as repossession agent (For further information, please refer to the GST Guide on Repossessed Goods).

The lender/financier may also appoint an auctioneer to auction the property or goods on his behalf (Please refer to paragraph 9.2 of the guide).

Example

In a hire purchase case where the buyer (GST registered person) has defaulted on his payment, the lender/financier engaged a repossession agent (GST registered person) to take back the goods from the buyer. When the lender/financier sold off the goods, he is deemed to have sold the goods on behalf of the hirer (the buyer or the initial owner of the goods) and has to issue a tax invoice to the purchaser of the repossessed goods and account for output tax. Since the agent is a registered person, he has to issue a tax invoice to the financier for services rendered as a reposessor.

Record Keeping

The reposessor (lender/financier) or repossession agent who is a taxable or GST registered person must maintain and preserve proper accounting records and documents (including tax invoice) on all goods that he reposessed for at least 7 years in accordance with the GST Act 201X. In addition, the records should also include the following details:

- i. the names, addresses and GST number of the persons (hirers) whose goods were sold;
- ii. quantity and description of goods or properties that he reposessed;
- iii. the date the goods or properties were reposessed;
- iv. the date the reposessed goods were sold;
- v. the descriptions and quantity of goods sold and the rate of tax chargeable;
- vi. the amount for which they were sold and the amount of tax charged;
- vii. incidental expenses incurred in the repossession of goods; and

9.4 Replaced Goods

Situation 1 – No Additional Charge

If you replace returned goods with similar goods, you may either:

- a) Let the original GST stand;

You need not account for GST on the replaced goods provided they are supplied free of charge.

For example, Ali bought a book from ABC Book Mart Sdn.Bhd. on 03.06.2010. He returned the next day complaining of some missing pages. The seller agreed to replace the book with a new one without additional charges. In this case, the seller need not account for GST on the replaced book as there is no additional charge.

OR

- b) If the seller decides to issue a credit note to cover the returned goods, he has to raise a new tax invoice for the replaced book.

Situation 2 – Reduced or Additional Charges

If the replaced goods are supplied at a lower price than the original goods, the seller may issue a credit note to account for the GST adjustment. On the other hand, if they are supplied at a higher price, the seller may issue a debit note to account for the additional GST.

For example, Ali bought a paperback novel from ABC Book Mart Sdn Bhd on 03.06.2010. He returned the next day, requesting to replace it with hardcover edition. The hardcover novel incurred additional charge of RM 30.00. The seller may issue a debit note of RM30.00 and account for the GST. This debit note should make reference to the earlier invoice issued.

9.5 Employee Benefits

An employee benefit is a benefit given to an employee or an associate of employees (e.g. spouse and children). It may include any right, privilege, service or facility provided free of charge to employees (For more details, please refer to GST guide on employee benefits).

Goods or services acquired and given as employee benefits are considered as used for business purposes and the taxable person can claim input tax incurred on the acquisition except those exempted, disallowed input tax and zero-rated goods including benefits that are subject to the RM500.00 gift rule.

9.5.1 Tax Invoice for Input Tax Claim on Employee Benefits

Since employee benefits are considered as supplied for GST purposes, thus any input tax incurred in acquisition of such goods or services can be claimed as input tax credit provided there is a tax invoice on the acquisition and the tax invoice must be addressed to the employer. If the tax invoice is addressed to the employee, input tax cannot be claimed unless the supplies of goods or services are acquired in the course of his official duty or acting on behalf of the taxable person.

Example:

Hassan, a manager of a GST registered company acquired taxable goods from a GST registered retailer. The tax invoice for the supply of these goods which are to be given as employee benefits to the company's staff was addressed to Hassan. Input tax cannot be claimed as the tax invoice should be addressed to his employer, the GST registered company and not Hassan, the employee.

9.5.2 Do I need to issue a Tax Invoice on Goods or Services given to my staff as employee benefits?

Basically, all services given free to your staff as employee benefits are not subject to GST and therefore, tax invoice need not be issued. However, goods given to your employee as employee benefits for purposes other than business are subject to GST if the value of the goods is more than RM500.00 but you have an option whether to give or not the tax invoice and you have to account for the output tax.

9.5.3 Records to Keep

A registered person or taxable person is required to maintain complete and up to date documents such as commercial invoices, tax invoices, vouchers, employment records and any document related to fringe benefits given to employees. It must be made available to the Director General upon request and these records must also be kept for seven years.

10. MORE INFORMATION ON GST

More information to help you understand GST further can be obtained from:-

- (a) GST Website: www.gst.customs.gov.my
- (b) Customs Call Centre at:

Tel : 03- 7806 7200
Fax : 03- 7806 7599
E-mail : ccc@customs.gov.my