

Update – GST Conference 2016

[20160829]

Subject	Discussion	Remarks from GST System Changes
GST Rate	GST Rate is forecasting to increase to 10% by 2020	Therefore never hope to get lower GST rate
GST Audit from Sept to December 2016	50,000 / 421,000 GST Registrants to select for audit About 1/8 th or 12% of GST registrants to be selected for audit	This is mainly retailers who have issue on tax invoices and restaurant operator For instance, a restaurant with 70 tables only submit GST return quarterly for filing with MYR2,000 standard rated supply
GST Amendments	If the amendment is to increase output tax and reduce input tax credit, the approval is always no issue	However, do not do this because it can trigger penalty on tax due and payable. Penalty is calculated on the total tax due and payable, not the remaining balance

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Legal Cases	A number of legal cases from UK were discussed	Mainly to highlight that the court is fair to side either taxpayer or Customs
Disbursement and Reimbursement	Disbursement is not a consumption by yourself Reimbursement is a consumption by yourself	Additional checking on the GST treatment on disbursement and reimbursement
Relief Supply within Warehouse Scheme	Relief Supply within Warehouse Scheme refers to the imported goods only	Local processed goods will not become a relief supply despite it stored in the bonded warehouse
Accounting Software Guide	It is not compulsory to follow with new tax codes and it may pull back	As long as you are able to get the correct GST-03 and records keeping, you do whatever you like

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Reasonable Efforts in Bad Debt Relief	What is reasonable effort in claiming bad debt relief? At least must send out statement of accounts and follow up	Proof on the correspondence and statement of accounts as efforts to collect outstanding debts
Voluntarily Registration	Voluntarily registration must maintain in the GST register for two years. DG has the right not to approve deregistration	That's the reason why certain business will not able to deregister or the application to deregister is pending to approve

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Subject Wish List	Discussion	Remarks from GST System Changes
Voluntarily Disclosure Provision	The panel wish that the legal clause of voluntarily disclosure to be tabled in the coming Budget announcement	Voluntarily disclosure is one of the measures that it can reduce or waived any penalty if the registrant is disclosing the inaccuracy before GST Audit. However, GST Act 2014 does not have a provision clause for the time being
Amendment in penalty clause	The current penalty clause is based on tax due and payable rather than outstanding balance to pay. This will create an extremely unfair position if genuine registrant wishes to rectify minor mistakes	If the nature of the amendment is not extremely substantial, then it is better to withhold any amendment until fairer and clearer indication is given on how to amend previous taxable period return

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Subject List	Wish	Discussion	Remarks from GST System Changes
Alert on the new updates on legislation and guides		The current approach by RMCD is without signal when it revises guidelines and amendment in legislation	It is a good suggestion but we have to check on the RMCD portal if no alert is given for the time being
Continuous Workshops	GST	RMCD shall engage more GST workshops with registrants and GST agents to get better understanding of their Standard Operating Procedures (SOP)	It shall suggest RMCD shall develop more GST workshops on how Customs is operating to verify, check and trigger GST audit and share this information with GST agents. Otherwise, everyone is guessing without proper facts to support.

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Subject	Discussion	Remarks from GST System Changes
K1 Form with Customs Official Receipt	Customs officer stamped on K1 Form is not sufficient proof for the payment. It must get the Customs Official Receipt	All registrants push their freight forwarders to provide documents such as K1 and Customs Official Receipt
Matters that trigger GST Audit	<ol style="list-style-type: none"> 1. Late submission of GST-03 2. Late payment history 3. Variance between physical period is high 4. Refund position 5. Complaints from public and competitors 6. Famous publicity on disposal of precious assets but no disclosure 	<p>These are typical matters to trigger GST Audit</p> <p>Quote: Rabbit jumps out from the hole must shoot</p>

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Keeping GAF	It is strongly recommended to keep GAF despite of it is not mentioned in the law.	GAF is part of records keeping. Failure to present the GAF for eAudit, it will trigger site audit
GAF as trend analysis tool	Users can perform simple data analytics with Excel to discover the GST pattern. It can further evolves into a predictive tool	If you are able to generate a GAF for a tax year, then you are able to perform data analytics over the GST trend. For example, IRR for each taxable period and whether annual adjustment needs to be done after a tax year
Customs officers visit	Every speaker advises registrants do not fight with the customs officers and do not obstruct their requests	We treat them as government officers and provide information as per request but not to please them
Rule of Thumb	“Pay more now and pay less later” instead of “pay less now and pay more later”	The former is overpaid of output tax and it is not an offence. The latter will end up with extra penalties.

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Malaysian GST case laws	Speakers always refer to the case laws from overseas	Those GST cases are hearing at session court for the time being. It can appeal to high court, court of appeal and therefore it is not final
	Non appealable matters can bring to Federal Court for Judicial Review	Certain matters can bring to the high level court for judicial review. However, this evolves from a period of time
Claim input tax credit	Registrants must request full tax invoice to claim full input tax credit, instead of restriction of MYR30	Many retail outlets have customer services or special counters to issue full tax invoice upon request. Please get a full tax invoice if your purchase is more than MYR500
Singapore GST Compliance	Speakers mentioned about the compliance mechanism in Singapore such as ASK, ACAP and eAudit	These are self-compliance GST kits that encourage the registrants to comply with GST laws instead of GST audit. eAudit is an approach that IRAS can use technology to perform GST audit

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Standard Operation Procedures of Customs	Speaker mentioned that Customs has standard operation procedures to identify the cases that are subject to GST audit. However, this information is not sharing with the public	Therefore all registrants and consultants are guessing about what Customs is checking and under what condition that it can trigger GST Audit. If Customs is willing to share these information to the public, it can improve the accuracy of GST return and make lesser mistakes. It improves transparency too.

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