

Question and Answer#1...

Gaming Machine – Profit Sharing and GST

Your story:

The shop is placing a few gaming machines. The shop owner shares the profit with the collector. Shop owner 30% and the balance belongs to game provider 70%

The gaming operator is the owner of all gaming machines and account for GST for all revenue. Profit sharing or commission to the shop owner is the agreed cost of the gaming operator

Time of Supply: Collection of coins
Guide on Gaming [16022016] – Para 10 (c)

- (c) a supply of services by gaming machine, the time of supply shall be at the time when collection is removed from the machine, or at the time when transaction is recorded by the machine; or

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Calculation: Collection of coins
Guide on Gaming [16022016] – Para 13

13. In determining the value of supply involving a gaming machine, the balance of coins and tokens remaining in the machine when collection is removed from the machine is the taxable net takings, and GST is calculated by applying the tax fraction (6/106) to this amount after deducting the gaming tax.

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Calculation: Collection of coins
Guide on Gaming [16022016] – Example 7

Example 7:

A private club operator removes coins totaling RM1,000 from the jackpot machines in his club.

4

GUIDE ON GAMING As at 16 FEBRUARY 2016	
Net collections	RM 1,000
<u>Less:</u>	
Gaming tax @ 20%	RM 200
Net takings	RM 800
GST (6/106 x RM800)	<u>RM 45.28</u>

Summary of gaming operator:

1. Total coins = 1000.00
2. Gaming Tax = 200.00
3. GST inclusive = 800.00
4. GST = 45.28
5. Net Revenue = 754.72

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GST (6/106 x RM800)	<u>RM 45.28</u>

Profit Sharing 30% vs 70% if the shop is GST Registrant:

1. GST Inclusive 800.00
2. The shop issues tax invoice 240 inclusive 6% GST 13.58
3. The gaming operator account for 800 inclusive of 6% GST 45.28

Profit Sharing 30% vs 70% if the shop is not GST Registrant:

1. GST exclusive 754.72
2. Issue payment voucher to shop 30% 226.42

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Question and Answer#2...

GST Disbursement for Block Items

Your story:

Recovery of expenses for block items such as medical insurance, group hospitalization scheme and etc.

Second Schedule Para 4 – GST Act 2014
Supply excludes from credit

When the recovery of expenses from block items. It means the recovery is not a supply of services. As such, it is out of scope and shall not account for GST upon recovery. Issue invoice instead of tax invoice. It is a disbursement.

Supplies excluded from any credit

4. Where the whole or any part of tax charged on any supply or importation of goods is excluded from any credit under subsection 38(12), the subsequent supply of the same goods shall be treated as neither a supply of goods nor a supply of services.

(12) The whole or any part of tax charged on any supply of goods or services or importation of goods, as may be prescribed, shall be excluded from any credit under this section.

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Question and Answer#3...

Recovery of expenses from overseas

Your story:

Recovery of expenses from overseas shall issue invoice without GST. It is zero-rated.

Zero Rated Order Gazette 2014

12. Services supplied under a contract with a person who belongs in a country other than Malaysia and which directly benefit a person who belongs in a country other than Malaysia who is outside Malaysia at the time the services are performed, but shall not include—

Key fact to support the answer:

1. This is concerned the recovery of expenses from overseas entity. However I will put as out of scope rather than exportation of services
2. Recovery of expenses that incurred is usually a contractual relationship, either customer or overseas holding or subsidiary
3. The expenses incurred in Malaysia while the recipient is outside Malaysia
4. However the billing entity (supplier) shall claim any input tax credit incurred in Malaysia, recovery of expenses from overseas.

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Question and Answer#4...

GST Audit File – Closing Sum

Your story:

The closing sum in the footer structure of GST Audit File may vary from different accounting software. Please refer to the note below.

Closing sum can be:

1. 0.00 which represents trial balance
2. All active accounts of opening balance, Debit and Credit to derive closing sum
3. All active accounts of opening balance, Debit and Credit to derive closing sum AND remove closing balances without transaction movement.

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Assignments to analyse GST Audit File



Footer Structure: Sum of Balance

No	Potential Reason with Zero Balance	Potential Reasons with any amount
1	It is your trial balance	It represents active accounts with closing balances from transaction movement of active accounts
2	It consists of all accounts and transaction movement	At the end, it is similar to the example given in the sample GAF in the Guide on Accounting Software
3	It consists of all accounts and transaction movement but remove those opening accounts without transaction movement in the current taxable period	All accounts with balances will sum up for closing and ignore those opening accounts with no transaction movement within the taxable period

It is a trial balance				
Account ID	Opening	Debit	Credit	Closing Sum
Account 1	1000.00	100.00	100.00	1000.00
Account 2	1500.00			1500.00
Account 3	-2500.00			-2500.00
Total	0.00	100.00	100.00	0.00

It consists of all active accounts with opening and transaction movement				
Account ID	Opening	Debit	Credit	Closing Sum
Account 1	1000.00	100.00	100.00	1000.00
Account 2	1500.00			1500.00
Total	2500.00	100.00	100.00	2500.00
Account 3	-2500.00			-2500.00

*Account 3 is not active in the current taxable period, similar to the sample in the guideline. Opening = Closing
It will not extract into GST Audit File*

It consists of all active accounts with opening and transaction movement. It removes the account with opening balance but no transaction movement				
Account ID	Opening	Debit	Credit	Closing Sum
Account 1	1000.00	100.00	100.00	1000.00
Account 2	1500.00			-1500.00
Total	2500.00	100.00	100.00	1000.00
Account 3	-2500.00			-2500.00

*Account 3 is not active in the current taxable period, similar to the sample in the guideline. It will not extract into GST Audit File
Account 2 has no transaction movement and therefore it removes from closing sum.*

Disclaimer Clause

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