

GST Customs Malaysia

GST Malaysia

Goods and Services Tax

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What is GST

How Does GST Work

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Business Guide to GST in Malaysia Part 3 :

Special Scheme

GST Treatment on Government Services

Supplies made by the Government are generally treated as out of scope supplies. No GST will be imposed on the supply made by the Federal Government and State Government such as healthcare services provided by hospital and clinic, education services by primary and secondary school including tertiary education, issuance of passport by the Immigration Department, issuance of licences and permits by the Road Transport Department and etc.

Rationale:

- To meet social obligations and economic objective of the Government.
- To maintain status quo on the provision of Government services.

Government supplies subject to GST

Specific supplies such as water supply by the State Government and advertising services by RTM will be subjected to GST due to the commercial nature of these services.

Supplies by Statutory Bodies and Local Authorities

Supplies made by Statutory Bodies and Local Authorities will be subject to GST except supply in respect of its regulatory and enforcement functions such as issuing licenses and permits and etc.

Special Scheme

Approved Trader Scheme (ATS)

- This scheme is provided to alleviate cash flow to the businesses.
- Any taxable person registered under the ATS will be allowed to suspend GST payable on imported goods at the point of importation.
- The GST suspended need to be declared and accounted for in the following taxable period.

Approved Toll Manufacturer Scheme (ATMS)

- This scheme is provided to disregard any supply made by the local toll manufacturers to the overseas clients.
- The toll manufacturers can apply for ATS facilities where GST on goods imported is allowed to be suspended for the purpose of toll manufacturing activities.
- When processed goods are delivered by the toll manufacturer on behalf of his overseas principal, the toll manufacturer need not account for GST on the local delivery. On the other hand, the local recipient needs to account for GST by way of "Recipient Accounting"
 - In the case where the local recipient is a registrant, he needs to account for GST in his return.
 - If the local recipient is a non registrant, he needs to account for GST in a special form.
- Supply of raw material or component made to overseas principal but delivered to the toll manufacturer is treated as zero rated supply.

Approved Jeweller Scheme (AJS)

- This scheme is to provide cash flow relief to a jeweller manufacturers.
- Supply of prescribed precious metals made by the gold bullion house or bank to a jeweller manufacturers is to be treated as disregarded supply.
- The approved jeweller manufacturers need to account for GST by way of "Recipient Accounting".

Warehousing Scheme

- This scheme is provided to disregard supplies within a warehouse before the duty point and the last supply is subject to GST.
- GST payment on imported goods deposited into a warehouse or moved from one warehouse to another warehouse will be suspended.
- Goods released to local market to be subjected to GST.
- Goods released to overseas market (export) to be zero- rated.
- All goods and services consumed in the warehouse to be standard-rated.
- This scheme is also applicable to inland clearance depot (ICD) and duty free shop.

Flat-Rate Scheme (FRS)

- This scheme is to allow certain category of approved sectors (e.g. example farmers) to get some form of compensation of the GST paid on their inputs even though they are not GST registrant.
- Farmers will charge a flat rate addition to the businesses.
- Farmers can keep the flat rate addition collected and do not have to submit the return.
- Farmers are not allowed to claim input tax credit.
- The buyer can claim input tax credit on the flat rate addition paid to the farmer and must be supported by invoice.

Tourist Refund Scheme (TRS)

This scheme allows tourists to claim GST paid on goods purchased and brought back to their respective countries by air mode only.

Who are entitled to claim for GST refund under TRS

- Foreign tourist (neither a citizen nor a permanent resident of Malaysia).
- Not a member of the cabin or flight crew of the aircraft leaving Malaysia.
- Students entering or staying in Malaysia on a student pass subject to condition that the goods are taken out of Malaysia within 3 months from the date of purchase.
- A foreign diplomat departing from Malaysia permanently subject to condition that the goods are taken out of Malaysia within 3 months from the date of purchase or completion of service.

What are the goods that qualify for claim under TRS

Claims for refund can be made on all goods for which GST has been paid with the exception of the following:-

- Wine, spirits, beer and malt liquor.
- Tobacco and tobacco product.
- Jewellery, precious metal and gems stone.
- Goods consumed in Malaysia wholly or partially.

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Where to claim for GST refund

All claims can be made from refund agents located at the Malaysian International Airports.

When to claim

Upon leaving Malaysia by air mode only.

How to claim for the GST refund

Criteria:-

- The goods is purchased at the approved TRS outlets.
- Must hold a valid tax invoice endorsed by the operators of the TRS outlets.
- Spend at least RM300.00 at any approved outlet.
- Depart with the goods through any international airport within 3 months from the date of purchase.

Verification by customs

- The goods must be presented for certification by the customs officers at the airport located in the departure lounge after immigration clearance.
- For bulky item which need to be packed and checked in as luggage, the goods must be presented for certification by customs at the GST Refund Inspection Counter located in the departure hall before the check in.

Submission of claim

- The application form can be obtain from the Customs Inspection Counter located in the departure hall before the check in or at the TRS refund agent at the airport or at any approved TRS outlet.
- The complete application form has to be submitted to the TRS refund agent located in the departure lounge after immigration clearance.
- Claim can be made after departure from Malaysia by mailing the endorsed refund form within 2 months from date of endorsement.

Mode of refund

- Cash refund for claim below RM300.00
- For claim exceeding RM300.00, the refund can be made through following option:-
 - Bank cheque.
 - Credit card account.
 - Bank account.

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