
Getting Ready for GST – Registering for GST

GOODS AND SERVICES TAX (GST)

Important information on When
and How to Apply



Royal Malaysian Customs Department

CONTENTS

INTRODUCTION	1
WHAT IS GST?	1
WHAT IS A TAXABLE SUPPLY?	2
WHAT IS A ZERO-RATED SUPPLY?	2
WHAT IS AN EXEMPT SUPPLY?	2
WHAT IS A STANDARD RATED SUPPLY?	3
WHAT IS A MIXED SUPPLY?	3
WHAT IS AN OUT-OF-SCOPE SUPPLY?	3
WHAT IS A DISREGARDED SUPPLY?	3
WHO IS REQUIRED TO BE REGISTERED?	3
HOW DO I KNOW THAT I HAVE TO BE REGISTERED?	4
HOW DOES GST WORK?	5
HOW TO REGISTER?	6
Manual registration	6
Electronic registration	7
HOW DO I KNOW THAT MY APPLICATION FOR REGISTRATION HAS BEEN APPROVED?	7
RESPONSIBILITIES OF GST REGISTERED PERSON	7
TAX INVOICE	7
FURTHER INFORMATION AND ASSISTANCE	8
GST Website	8
Customs Call Centre.....	8
GST Head Office	8
Customs Offices	8

INTRODUCTION

1. You need to register for GST if you are making a taxable supply and your taxable turnover within a period of 12 months is more than RM500,000.
2. The information in this leaflet will briefly guide you on the important points and the process that you need to know as to whether you need to register for GST when it is implemented on 1 April 2015. Further details are to be found in the **GST Guide on Registration** which is available in the GST portal in www.gst.customs.gov.my. As for the steps in electronic registration, you may refer to **GST Electronic Services Handbook**.

WHAT IS GST?

3. GST is a multi stage tax and is imposed on most business transactions which take place in Malaysia. It is collected on the value added at each stage of the supply distribution chain
4. GST is also imposed on imported goods and some imported services.
5. For GST purposes, business has a very wide meaning and includes activities on which no profit is made. Exchange of resources (whether goods or services) happens every day in your business. A transaction takes place every time an exchange of one of these resources happens. Examples of business transactions are the following:
 - sales of goods;
 - rental of goods and services;
 - private use of business assets;
 - services provided for payment;
 - admission to premises; and
 - supplies made by agents.
6. Business transactions which are subject to GST are called taxable supplies. There are also goods which are given relief by the Minister from payment of GST subject to certain conditions. That goods are not in the scope of exempt supplies.

WHAT IS A TAXABLE SUPPLY?

7. Where GST is imposed on a business transaction, such transaction is called a taxable supply. In making the taxable supply you will get something in return, which may be in the form of money or other than money. This is what is being termed as *consideration*. The value of the total taxable supplies that you make is called your taxable turnover.
8. Taxable supplies can be either at the standard rate of 6% or at zero rate, which is nil.

WHAT IS A ZERO-RATED SUPPLY?

9. Zero-rated supplies include:
 - Basic essential goods such as rice, fresh fish, meat, chicken, cooking oil and fresh vegetables;
 - Water for domestic use;
 - The first 300kWh of electricity for domestic use; and
 - Exports of goods.
10. For a complete list, please refer to *Goods and Services Tax (Zero-Rated Supply) Order 2014.
11. If you only make zero-rated supplies, you may apply to the Director General of Customs (DG) to be exempted from registration.

WHAT IS AN EXEMPT SUPPLY?

12. An exempt supply is not a taxable supply. It is a business transaction on which GST is not chargeable at either standard or zero-rated. Since an exempt supply is not a taxable supply, it does not form part of your taxable turnover.
13. If you only make exempt supplies, you are not required to be registered under GST.
14. Exempt supplies include:
 - Residential buildings;
 - Life insurance;
 - Private health services;
 - Private educational services;

- Financial services;
 - Land for agricultural and public use;
 - Public mass transportation, e.g. busses, ferries; and
 - Highway toll.
15. For a complete list, please refer to the *Goods and Services Tax (Exempt Supplies) Order 2014.

WHAT IS A STANDARD RATED SUPPLY?

16. Goods or services which are not listed in either the GST (Zero Rate Supply) Order 2014 or the GST (Exempt Supply) Order 2014 is subject to a standard rate of 6%.

WHAT IS A MIXED SUPPLY?

17. You may be making both taxable and exempt supplies. For example, a developer may not only build buildings for residential purpose (an exempt supply) but also for commercial purpose (a standard-rated supply). In this case, you would be referred to as a mixed supplier and you can only claim back your input tax relating to the taxable supplies that you make. In the case of the developer mentioned earlier, he can only claim back the input tax incurred on the commercial building.

WHAT IS AN OUT-OF-SCOPE SUPPLY?

18. An out-of scope supply is a supply which does not fall within the charging provision of the GST Act. It includes non-business transactions, sale of goods from a place outside Malaysia to another place outside Malaysia as well as supplies provided by the Government sector [which are not listed under the GST (Government Taxable Supply) Order 2014].

WHAT IS A DISREGARDED SUPPLY?

19. For GST purpose, certain supplies are to be disregarded for example, the supplies between companies which are registered under Group Registration and the supplies made within or between warehouses which are approved under the Warehousing Scheme.

WHO IS REQUIRED TO BE REGISTERED?

20. A person has to be registered if he:
- makes taxable supplies of goods and services;
 - in the course or furtherance of business;

- in Malaysia; and
 - whose taxable turnover within a period of 12 months has exceeded RM500,000.
21. A person includes an individual, sole proprietor, partnership, corporation, Federal Government, State Government, statutory body, local or public authority, society, club, trade union, co-operative, joint venture, trustee and any other body, organization, association or group of persons whether corporate or un-incorporate.
22. If you are a resident of Malaysia but perform services outside Malaysia in the course of your business, you may also be required to register for GST. Likewise, if you are a resident outside Malaysia with business here, you may be required to be registered. Please refer to the GST Guide on Registration.

HOW DO I KNOW THAT I HAVE TO BE REGISTERED?

23. You will have to calculate your taxable turnover which is based on:
- the total value your taxable supplies (standard-rated and zero-rated)
 - for a twelve (12) month period
 - but excludes the value of-
 - exempt supplies,
 - out of scope supplies,
 - capital assets disposed,
 - imported services (e.g. certain services you receive from abroad such as consultancy and auditing services), and
 - disregarded supplies made under a Warehousing Scheme or made within or between Designated Areas.
24. The taxable turnover for a period of twelve (12) months can be determined based on either the historical or the future method.

Historical method

It is where **at the end of any month** the total value of the taxable supplies you have made **in that month and in the past eleven (11) months** has exceeded RM500,000.

The person is liable to be registered for GST within twenty eight (28) days from this date.

Future method

It is where the value of taxable supplies **in any month plus the expected value of taxable supplies for the eleven (11) months immediately** after that month will exceed RM500,000.

The person is liable to be registered for GST within twenty eight (28) days from the end of that month.

25. If in calculating your **taxable turnover** by either of the method as in paragraph 24 the amount **exceeds RM500,000**, you are **mandatorily required to be registered** for GST under the GST Act.
26. However, if the taxable turnover **does not exceed RM500,000**, you have the **option to register voluntarily**. It gives you the benefit of being able to claim back whatever GST that you have been paid on inputs for your business. Since you need to remain registered for two (2) years once you are registered voluntarily, it is advisable that you do a cost-benefit analysis based on a two (2) years period before you choose to register voluntarily.
27. Benefits of being registered for GST include:
 - Completing your GST returns as scheduled will assist you in keeping records up-to-date and accurate;
 - In general, businesses prefer to have business transactions with GST registered persons; and
 - GST paid on inputs acquired from a registered person can be claimed once the tax invoice is issued whereby enabling you to make use of it as working capital over your taxable period before filing your return by the due date and, if applicable, paying the GST back to Customs.

HOW DOES GST WORK?

28. Once you are registered for GST, you must charge GST whenever you make taxable supplies. The supplies that you make are your outputs and the GST that you charge on your outputs is your **output tax**, for example you are in the business of manufacturing furniture, you have to charge 6% when you sell the furniture. If your sale price is inclusive of GST, the amount of GST to account is based on this formula:

$$\frac{6\%}{1 + 6\%}$$

29. For the purpose of your business you will have to acquire inputs (e.g. wood, varnish, renting a premise, services of designers) in order to make your furniture. If you purchase these inputs from a GST registered person, you will be charged GST on your purchases. GST charged on your business purchases is your **input tax**.

30. When you submit your GST returns according to your taxable period, you just offset (subtract) your input tax from your output tax. If your **output tax is greater than your input tax, then you pay the difference to Customs**. On the other hand, if your **input tax is greater than your output tax, there is what is called an input tax credit claim** involved by you. Customs will refund that difference.

HOW TO REGISTER?


31. GST registration can be done manually or electronically via GST website. An application must be made in GST-01 form. Before submitting your application, you should have the following information:
- Your identification number whether in the form of:
 - business registration number as provided by SSM,
 - your identity card number,
 - your passport number, if you are not a Malaysian citizen
 - registration number given by the Registrar of Society
 - identification number provided by various local authorities, professional or statutory bodies,whichever is applicable to you.
 - Your industry code according to the Malaysia Standard Industrial Classifications (MSIC) 2008 code. Please refer any information regarding your industry code from <http://msic.stats.gov.my> website.
 - The percentage on the value of all your supply according to:
 - Taxable supply;
 - Local zero rated supply;
 - Export; and
 - Exempt supply.
 - The date when you exceed threshold or for those who have not started making taxable supply the date they intend to make taxable supply.

Manual registration

32. You can apply to register your business manually by downloading GST application forms from GST Portal. Whatever information required must be typed or printed in CAPITAL LETTERS using black ink. The form is to be submitted to the GST Processing Center, Royal Malaysian Customs Department, No. 22, Jalan SS 6/3, Kelana Jaya, 47301 Petaling Jaya, Selangor either by hand or by post. Do not staple the form or use paper clip.

33. Please write your company name and full address at the back of the envelope.

Electronic registration

34. A '**Taxpayer Access Point (TAP)**', an access portal, that allows taxpayer to manage their taxes, is provided under electronic service. You can access TAP through the GST website www.gst.customs.gov.my and click the icon  and then click "Register for GST". The system will provide you step by step guide on how to register for GST.

HOW DO I KNOW THAT MY APPLICATION FOR REGISTRATION HAS BEEN APPROVED?

35. Once your registration is approved, you will receive either by post or by e-mail (if any) an Acknowledgement Receipt Number on your registration, effective date of registration, first taxable period, subsequent taxable period, station code and name; and branch or division reference number (if any). Please refer to the GST Electronic Services Handbook for further details.

RESPONSIBILITIES OF GST REGISTERED PERSON

36. As a GST registered person, you need to comply with the requirements under the GST Act especially on:
- Submission of returns for each of your taxable period by the due date
 - Paying the GST due
 - Keeping of records up-to-date in the National Language or in English for a period of seven (7) years
 - Issuance of tax invoice, credit or debit notes to enable input tax credit claim
 - Notification on cessation of business

TAX INVOICE

37. Under GST, tax invoice can be considered as the most important document for your business. You cannot claim back the GST you have paid on the things you have purchased from suppliers unless you hold a valid tax invoice. Tax invoice can only be issued by a registered person under GST.
38. Please refer to GST Specific Guide on 'Tax Invoice'.

FURTHER INFORMATION AND ASSISTANCE

GST Website

39. This leaflet has to be read together with the related Specific or Industry Guides uploaded on the GST Website at www.gst.customs.gov.my. It is advised that you read the GST General Guide to get a comprehensive information on GST before reading the other guides.

Customs Call Centre

40. Any inquiries on GST can be made through Customs Call Centre (CCC) The Call Centre is open from Mondays to Fridays between 8.30 a.m. to 5.00 p.m.
- (i) Telephone: 1-300-888-500 or 03-78067200;
 - (ii) Email: ccc@customs.gov.my;
 - (iii) Fax: 03-78067599.

GST Head Office

41. GST Head Office can be contacted at:

GST Hotline

03-88822111 or 03-88822222

Correspondence to:

Jabatan Kastam Diraja Malaysia,
Bahagian GST,
Level 3 & 4, No 22 Menara Tulus,
Bangunan Boulevard Square
Persiaran Perdana, Presint 3
62100 Putrajaya, Malaysia.

Monday to Thursday	:	8.30am to 5.00pm
Friday	:	8.30am to 12.15pm 2.45pm to 5.00pm

(Except public holidays)

Customs Offices

42. Inquiries regarding GST also can be made at any nearest customs offices where your business or organization is located throughout the country.

Royal Malaysian Customs Department
March 2014

***Orders have not been gazetted. Proposed list is available in the GST Portal at Royal Malaysian Customs Department website.**