

GST FREQUENTLY ASKED ISSUES

ITEM 1:

Reg. 34 GSTR (Goods and Service Tax Regulations 2014)

Motorcar used exclusively for the business purpose as approved by the DG

To what extent is the application of this provision in term of claiming input tax?

- i) Reg. 36 GSTR (Goods and Service Tax Regulation 2014), provides that a taxable person is not allowed to claim input tax in respect of –
 - (a) the supply to or importation by him of a passenger motorcar; or
 - (b) the hiring of motorcar;
- ii) A ‘passenger motor car’ is defined in reg. 34 GSTR as a motor car which is constructed or adapted for the carriage of not more than nine passengers inclusive of the driver and the unladen weight of which does not exceed three thousand kilograms **but does not include** any motor car which is used exclusively for the purposes of business as may be approved by the Director General (reg. 34(e) GSTR).
- iii) Motor cars used exclusively for business purposes which the Director General may approve are – *(Substitute with new item on 23/3/2015)*
 - (a) Test Drive car - a car used for a limited period in order to assess its performance and reliability. (Only for car dealers);
 - (b) Cars used for security purposes – a car used by security officers only for patrol in the company’s compound to protect the business premise;
 - (c) Cars used in providing technical assistance - a car used mainly in providing technical assistance to company’s clients e.g. maintenance services, breakdown services, repair services; **or**
 - (d) Serve as an integral part in the running of a business (cannot continue business without them). It is a business that requires the use of passenger motor cars e.g. leasing of cars, taxi rental business;

AND

 - (e) The cars in (a), (b), (c) or (d) above must fulfil all the following conditions –
 - (aa) the motor car is registered in the name of the company;
 - (bb) the motor car is not let on hire;
 - (cc) there is no intention to make the motor car available for private use;
 - (dd) the motor car is kept at business premises, used for business trips and must not be taken home overnight by any employee; **AND**

- (ee) the business's name or company's LOGO must be printed on the body of the car.
- iv) There are motor cars exclusively used for business purpose which Director General may not approve, such as –
 - (a) **Assigned Car**
Assigned car is a car that is assigned to an individual for their full-time use within the parameters of the company's policies and procedures. It is a privilege given to the individual which comes with the post e.g. cars for directors.
 - (b) **Pooled Car**
Pooled cars are cars that are readily available exclusively for business use by a number of employees.
 - (c) **Cars used in sales and marketing**
The car is commonly used in retail business to promote sales and marketing e.g. cars used by salesman in marketing new products.
 - (d) Demo or display car used to promote new model and usually display in a show room.