

GST FREQUENTLY ASKED ISSUES

ITEM 8:

Claiming Special Refund for goods held on hand on 1/4/2015

- i) *For goods held on hand on 1/4/2015, can a stock count be performed on a date other than 1/4/2015?*
- ii) *Who should certify the claims for special refund?*
- iii) *How to calculate the value of the goods held on hand on 1/4/2015?*

- i) Any person who is entitled to a special refund for goods held on hand on 1/4/2015 under sec. 190 GSTA shall be eligible to claim once;
- ii) The claim for special refund shall be made in a form as the DG may determine, not later than 6 months from 1/4/2015 (refer sec.191(1)GSTA);
- iii) Any person claiming the special refund should perform a stock count on goods held on hand on 1/4/2015. However, if the stock count is not done on 1/4/2015, they are allowed to use the results of stock count which has been performed in the past 6 months from 1/4/2015 and then applying the roll forward method to arrive at the stock balances on 1/4/2015. Alternatively, a stock count can be performed in a period no later than 6 months after 1/4/2015 and then applying the roll backward method.

Under all circumstances, a stock count must be performed within the stipulated time periods, otherwise no special refund will be approved.

- iv) If the amount of special refund is less than RM10,000, a chartered accountant as conferred by Malaysian Institute of Accountants should certify the amount of the special refund (sec. 191(2)(a)GSTA).

If the amount of special refund is RM10,000 or more, an approved company auditor under section 8 of the Companies Act 1965 should certify the amount of the special refund (sec. 191(2)(b)GSTA). A Reasonable Assurance Report performed under the Malaysian Approved Standard on Assurance Engagements, ISAE 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* will need to be issued to support the special refund.

- v) The value of the goods held on hand on 1/4/2015 for purposes of the special refund can be ascertained as follows:
 - a) Specific identification
If the goods held on hand on 1/4/2015 can be attributed to invoice or Customs Form No. 1, based on specific description, series, no products, brands or other specific identification, such invoice or Customs Form No.1 shall be used.

Example:

Goods with serial number ABC123 and the related invoices are invoices issued on 3rd February 2014 as the serial number of ABC123 appeared on the invoices. The value in such invoices can be used for the special refund.

b) First in First out (FIFO)

If the goods held on hand on 1/4/2015 can be directly associated with many invoices due to general product description, value on the latest invoice before the 1/4/2015 shall be used. If the quantity of goods held on hand exceeds the quantity stated in such invoice, the value for the remaining number of goods should be based on the quantity that can be covered in the previous invoices issued in sequence prior to the final invoice before the 1/4/2015.

Example:

Total goods held on hand on 1 st April 2015		Related Invoice			Sales Tax Paid
Description	Quantity	Date	Quantity	Price per unit (RM)	Per unit (RM)
Sandal	3000 unit	1 st March 2015	800 unit	2.00	0.20
		15 th Dec 2014	1,500 unit	1.80	0.18
		1 st Jun 2014	2,500 unit	1.70	0.17
The value for claiming special refund – (800 X RM0.20) + (1,500 X RM0.18) + (700 X RM0.17) = RM549					

- vi) The value determined as in sub (v) can only be used when payment to the supplier has been made.

Example:

From the above example, If the latest invoice before 1st April 2015 (1st March 2015) has not been paid by a taxable person, the value for claiming special refund will be -

$$(1,500 \times \text{RM}0.18) + (700 \times \text{RM}0.17) = \text{RM}389$$