

**DECISION BY DIRECTOR GENERAL OF ROYAL MALAYSIAN CUSTOMS**

**Item 5:**

**Whether a debit note is allowed to be issued in order to recover the GST amount during transitional?**

- (i) Tax shall not be charged and levied on any supply of goods or services or importation of goods made before the effective date (s.183(1) GSTA).
- (ii) S. 183(3) GSTA provides that the value of the supply under subsection (2) GSTA, the payment received or any amount stated in the invoice issued shall be deemed to be inclusive of tax.
- (iii) For the purpose of GST, credit note or debit note is allowed to be issued by any registered person to another registered person only when there is a change in consideration for the supply either due to change of rate of tax in force under s.10 GSTA, a change in the descriptions of the zero rated or exempt supply under section 17 or 18 of the Act or adjustment in the course of business (s.35 GSTA and reg. 25 GSTR)
- (iv) During transitional period, a value of supply is deemed to be inclusive of GST. If a debit note is issued after the effective date in order to recover the amount shown on the debit note would be deemed to be part of the total consideration for the supply.

Example;

Invoice issued before effective date for the supply after effective date amounting to RM1000. Debit note raised after effective date RM60.00. Total GST is computed as follows –

$$6/106 \times RM1060 = RM59.99$$