

**GST FREQUENTLY ASKED ISSUES (FAI)**

**ITEM 8:**

**Supply of land or property during transitional period**

*I have sold a shop lot worth RM1 million. I have made the full payment and S&P signed before 1<sup>st</sup> April 2015 but the key is handed over on the 5<sup>th</sup> April 2015? Is the property subject to GST?*

Supply of land or property made:

- (i) under agreement for a period or progressively over a period, whether or not at regular intervals and that period begins before the effective date and ends on or after the effective date the proportion of the supply which is attributed to the part of the period on or after the effective date shall be chargeable to tax. (refer s.188 GSTA);

**Example (a):**

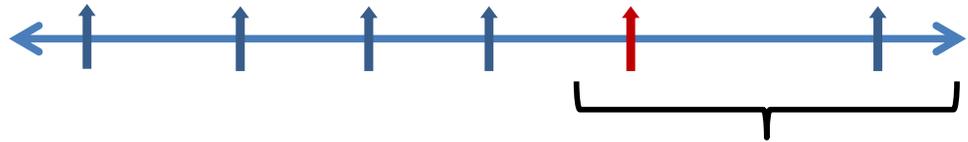
1/1/14 Agreement for supply of building value at RM700,000 (progressive payment start from 1/3/14 and full payment is on 1/12/14)	1/3/14 1 <sup>st</sup> payment (RM200,000)	1/8/14 2 <sup>nd</sup> payment (RM200,000)	1/3/15 Full payment (RM300,000)	1/4/2015	Handover vacant possession/ key
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This portion is not subject to GST as the full payment before effective date is made

**Example (b):**

1/1/14 Agreement for supply of building value at RM600,000 (Progressive payment start from 1/2/14 and full payment is by 1/5/15)	1/2/14 1 <sup>st</sup> payment (RM100,000)	1/7/14 2 <sup>nd</sup> payment RM100,000)	1/12/14 3 <sup>rd</sup> payment RM100,000 (instead of paying RM100,000 the buyer make full payment of RM400,000)	1/4/2015	1/5/15 4 <sup>th</sup> payment RM300,000	Handover vacant possession/ key
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RM300,000 paid on 1/12/14 is subject to GST because according to the agreement the full payment should be made on 1/5/15.

**Example (c):**

1/1/14 Agreement for supply of building value at RM800,000 (Progressive payment start from 1/6/14 and full payment is by 1/6/15)	1/6/14 1 <sup>st</sup> payment (RM200,000)	1/12/14 2 <sup>nd</sup> payment (RM200,000)	1/4/2015	1/6/15 full payment (RM400,000)	Handover vacant possession/ key
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This proportion of supply is subject to GST

- (ii) under agreement but not for a period or progressively over a period or not under agreement, where any payment received or invoice issued before effective date and the supply is on or after effective date, GST is chargeable as if the payment or invoice is received or issued on the effective date (s.183 GSTA).

**Example:**



GST is chargeable **as if** the payment or invoice is received or is issued on the effective date.